



Daily Report

East Europe

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Trade Unions Threaten General Strike

U0406142491 Tirana Radio Tirana Network
in Albanian 1330 GMT 4 Jun 91

[Text] A statement by the Organizing Commission of the Confederation of the Trade Unions of Albania [Konfederata e Sindikatave te Shqiperise] states that representatives of the 14 trade union federations of Albania, with hundreds of thousands of members, welcome the achievement of a new political solution to bring an end to the crisis and the deep catastrophe that threatens the country.

However, according to the communique issued today by the Presidency of the People's Assembly, this solution has been worked out without considering the fair demands of the working people we represent or even the existence of our confederation and federations. While it was said that about 300,000 people were involved in the strike, of whom about 150,000, who are members of our federations, returned to work, Albania has about 500,000 other working people who did not go on strike, although they have demands that are no less fair than those of their striking colleagues. They stayed at work, considering that their wretched conditions are preferable to a catastrophe for the whole nation. In no way can they ever give up their demands.

We (and the trade union federations) we represent declare that we do not recognize any solution reached without our presence. We will stand by the demands that we have submitted to the government and the ministries, the majority of which have not been met, with all the democratic means at our disposal, including a general strike, the declaration states.

Strike Leader Urges End to Hunger Strike

U0406150791 Tirana Radio Tirana Network
in Albanian 1330 GMT 4 Jun 91

[Interview with Central Strike Committee Chairman Valer Xheka by Timo Luto, place and date not given—recorded]

[Text] [Passage indistinct] [Xheka] The main thing is that the trade unions and the Central Strike Committee are interested in the miners and all others on hunger strike ending their strike as soon as possible.

[Luto] Their conditions for ending the strike were the government's resignation and the announcement of new elections.

[Xheka] Under this agreement, these conditions have been met. We insistently demanded these things, as you said, and the representatives of the political parties, the legislative groups, and the meeting of the People's Assembly last night reached a conclusion that the government should resign, [words indistinct] and stated that new elections will be held in May or June next year. It now only remains for these two decisions to be confirmed by legislation, i.e. by the president accepting the government's resignation, determining an election date, and appointing a new prime minister to be

approved by the Assembly. When this procedure is carried out, the miners are ready to end their hunger strike and to come out of the mine.

The second point is that the Independent Trade Unions and the Central Strike Committee must enter into talks with the new government to solve the disagreements we had with the old government. An agreement has been reached in principle to enter into dialogue on this, to reach a possible compromise in both the fulfillment of our demands and in the trade unions' guaranteeing social peace to give the government a chance to work to both realize our demands and to extract the Albanian economy from its deep crisis. At this moment, both the trade unions and the government must pursue constructive policies alongside each other to create social peace and to enable our country, now devastated both economically and socially, to gain the stability that every Albanian will welcome.

[Luto] Have you been in contact today with the miners who are walled up in the Valias mine, and what do they think about these changes in the government?

[Xheka] I went to the Valias mine today and met the miners. Their situation is very serious. With every second that passes, their state of health deteriorates. None of their lives can be guaranteed. So, they must come out as soon as possible. They joyfully welcomed the news of the government's resignation and the decision on general elections. Nevertheless, despite our urging to the contrary, they demanded confirmation of the news by the president and the Assembly. With the confirmation of these two important decisions, they are ready to end their hunger strike, as are all the other hunger strikers at the Tirana glassworks, the Mborje-Drenove and Verdove mines, and in many other places. [passage indistinct]

[Luto] (What steps must the government take) to end the general strike and to establish social peace in the country?

[Xheka] Of course, the general strike that is continuing [passage indistinct]. Our demand is that we should be paid for the days of the strike. We will demand this of the government. It is a fair demand because our strike was a fair one. [words indistinct]

[Luto] What about the other demands, in other words the 17 demands submitted by the Union of Independent Trade Unions?

[Xheka] Can anyone possibly imagine that the 17 demands can be given up? We will never give up the 17 demands that we submitted. [words indistinct]

[Luto] In what way will the Union of Independent Trade Unions support the government in its task of establishing social peace and achieving the necessary economic changes?

[Xheka] Of course, if the government responds to the trade unions with a constructive policy, the trade unions will be totally committed to responding to the government with constructive policies that will help to stabilize the country as fast as possible.

Alia, Parties Discuss Creation of New Government*AU0406184991 Tirana Radio Tirana Network
in Albanian 1800 GMT 4 Jun 91*

[Text] Ramiz Alia, president of the Republic of Albania, was informed of the agreement reached by the political parties on 3 June 1991 for the creation of a government of political and economic stability for the country, and the commitment of the parties and the Union of Independent Trade Unions of Albania to stop the hunger strike, to guarantee social peace, and not to hold strikes during this government's period of office. He was also informed of their agreement to hold new elections in May or June 1992.

The president also accepted today the resignation of Prime Minister Fatos Nano.

Meanwhile, the president is being consulted by the country's political forces in connection with the creation of the new government.

Valias Miners End Hunger Strike*AU0406191191 Tirana Radio Tirana Network
in Albanian 1800 GMT 4 Jun 91*

[Text] In response to the appeal issued by the Independent Miners Union at yesterday's rally in the Dinamo Stadium, hundreds of people gathered this morning and set off for the Valias mine. About 100 miners have been walled up on hunger strike in the depths of this mine for 12 days. Before we descended the mineshaft, we visited a dispensary where six miners were being treated with serious health conditions. We then descended the shaft into the depths.

Here we found among the strikers Valer Xheka, chairman of the Independent Trade Unions' Strike Committee, accompanied by a woman, a rare sight in a mine. This was Artist of the People Cinka Kurthi. Her warm words of encouragement and her songs were spiritual food for the miners.

Meanwhile, high above on the surface, hundreds of people, including the artists of the National Theater, expressed solidarity with the miners in a spontaneous rally.

All those present were told that the underground strikers were informed in the morning about the resignation of Prime Minister Fatos Nano, which was their main demand. However, they declared that they would not end their strike until this resignation was also accepted by Ramiz Alia, president of the Republic. A little later, deputies Napollon Roshi and Azem Hajdari came, descending to the strikers and talking with them.

Finally, Radio Tirana at 1530 carried the news that Ramiz Alia, president of the Republic, had accepted the resignation of Prime Minister Fatos Nano. All the miners gathered at the bottom of the mineshaft. By 1610, all the miners had come to the surface. The fulfillment of

their demands marks at the same time the end of their hunger strike. The strikers dispersed to their homes under medical care.

People's Assembly Considers Decree on Police*AU0406163791 Tirana Radio Tirana Network
in Albanian 1600 GMT 4 Jun 91*

[Text] The People's Assembly resumed its proceedings today at 1730. Lush Perpali, deputy president of the Presidency, who chaired the session, informed deputies about the letter sent by Republic President Ramiz Alia to the Assembly's Presidency, stating that he has accepted the resignation of Prime Minister Nano.

He then invited deputies to move to the item on the agenda concerning the approval of decrees. Deputy Petraq Nasi, as an Albanian Workers Party and Trade Union deputy, read out a statement by the Federation of Free Trade Unions. Deputies Gramoz Pashko and Arben Imami protested because nobody in the Assembly has the right to violate the rule book, especially when it is a matter that has not been placed before the House before.

In connection with the agenda, Fehmi Avdiu suggested that before the decrees that do not involve any suspension of the functioning of the state are considered, we proceed to approve the laws relating to the forces of order, their depoliticization, the elimination of their party character, and their status.

First, Baki Shehu, chairman of the Commission for the Maintenance of Public Order and National Security, asked for the floor.

Besnik Mustafaj then said that the appointment of police personnel must be considered. This is because many electors have asked that their children not perform their military service in police units and not be brought into confrontation with the people of the capital.

Gani Skaranda said that the police should focus their attention mainly against criminal bands, not demonstrations by the broad masses.

(Petro Dema) said that we should proceed to consider the articles of this decree one by one.

Sali Berisha expressed his concern at starting with this decree, which is extremely sensitive and concerns people's lives, the most sacred thing of all. Therefore, the Commission of Laws should first study all these decrees, and the parliament should examine them in more detail later.

Ahmet Kamberi said that it is necessary to define a procedure. The commission made a suggestion that the decree should be approved in principle, and then should be examined item by item.

Dear listeners, we end our live report here, and will rejoin you in the Evening News Review.

Vulkov Returns From Turkey; Visit Viewed

*AU0406122291 Sofia DUMA in Bulgarian
30 May 91 p 1*

[Boyka Ilieva report: "Viktor Vulkov Returns From Turkey"]

[Text] Bulgaria never says "no" to a new cooperation idea. This is how Viktor Vulkov expressed his attitude toward expanding cooperation between Bulgaria, Turkey, the USSR, and Romania, Boris Chakurov, spokesman for the Ministry of Foreign Affairs, said.

On 29 May the Bulgarian foreign minister returned from Ankara. The documents on developing relations between the four countries are almost ready, and in the near future a meeting of those countries' high-ranking representatives will meet in Moscow to discuss the agreements that have already been achieved.

According to Boris Chakurov, this form of cooperation must be viewed as a part of the all-European process.

The Turkish side has reconfirmed its position on giving broader rights to the Bulgarian Muslims, who should serve as a bridge between the two states. Viktor Vulkov has confirmed that Bulgaria is a democratic state, and that it guarantees equal rights, freedoms, and obligations to all its citizens.

At the talks with the Turkish political figures an agreement has been reached to prepare a declaration on good-neighborly relations, friendship, and cooperation between the Republic of Bulgaria and the Republic of Turkey, as well as to update treaty-legal relations between the two countries. The visa requirements will be alleviated, and movement restrictions on Bulgarian and Turkish diplomats will be liberalized.

Mutafchiev, Fur on Security, Bilateral Relations

*AU0406125591 Sofia BULGARSKA ARMIYA
in Bulgarian 30 May 91, pp 1,4*

[Major Vladi Vladkov report: "On New Foundation and Principles"]

[Excerpts] It is a bit warmer in Hungary. I hope that the weather will get warmer also in Bulgaria. I hope I brought the pleasant weather with me.

This is what Dr. Lajos Fur, Hungarian minister of defense, said upon arriving in Sofia as head of an official Hungarian military delegation. [passage omitted]

Minister Yordan Mutafchiev received Dr. Fur and the Hungarian military delegation. [passage omitted]

He briefly reviewed the situation in Bulgaria and stressed that the democratic changes in the country are reflected in the Army. Some of the changes are painful; however, they are necessary and irreversible. The new national military doctrine has a defensive character. The Armed Forces are based on the principle of reasonable

sufficiency and their defense components increase at the expense of the offensive components. Bulgaria's minister of defense expressed the hope that cooperation in the military sphere between Bulgaria and Hungary will actively and fruitfully develop. He sees opportunities in this sphere in acquaintance with military doctrines, in constructing and developing the two armies, in the technological and material sphere, in the scientific-research and experimental-constructing activity, and in training cadres, as well as in other spheres.

Dr. Lajos Fur, Hungarian minister of defense, expressed satisfaction with the fact that Bulgarian-Hungarian military cooperation benefits from good personal relations between the two ministers. He pointed out the profound historical roots in our nations' relations and stressed that despite the fact that we are not direct neighbors, there are many common elements in our history. We had a common fate in the recent past, and the changes that take place now in both countries also connect us. [passage omitted]

Minister Fur also spoke about foreign policy problems and emphasized certain difficulties in the economic sphere. Privatization is proceeding slowly, and unemployment, which accompanies this process, evokes much concern.

It was pointed out that because of the bloc structure, until now the military units were mainly deployed in the western parts of the country. Now they must be redeployed so that no Hungarian neighbor will feel threatened.

A renewed Army needs modern equipment, Dr. Fur pointed out. However, according to him, Hungary's economic possibilities will allow this only in 1995.

We have many points of contact. I am sure that our cooperation will develop on a new foundation and principles, by preserving everything beautiful and positive of our past relations. Dr. Lajos Fur said in conclusion. [passage omitted]

Popov's Paris Activities Reported

*AU0406201791 Sofia BTA in English
1826 GMT 4 Jun 91*

[Text] Sofia, June 4 (BTA)—During his visit to Paris Prime Minister Dimitur Popov met with Mr. Hubert Vedrine, secretary general of the office of the president of France, the Bulgarian Council of Ministers announced here today. At the Elysee Palace, Mr. Popov and Mr. Vedrine exchanged views on important aspects of Bulgaro-French cooperation, stressing the great importance of this cooperation for Bulgaria in its transition to a new political and economic system.

Mr. Popov will have other meetings in Paris. He has not met and is not scheduled to meet with Simeon II.

Zhelev Receives Officers Before U.S. Visit

*AU0506132891 Sofia BTA in English
1252 GMT 5 Jun 91*

[Text] Sofia, June 5 (BTA)—Today Bulgaria's President Dr. Zhelyu Zhelev received a group of Bulgarian officers, leaving on a one-month specialization to the United States. [sentence as received]

Dr. Zhelev spoke of the political importance of this visit which is the first in its kind. He expressed his hope that the Bulgarian officers, who are highly qualified military experts speaking foreign languages and representing the whole gamut of the Bulgarian army, will gain a thorough knowledge of the achievements of a totally different professional army, of its relations with the civil society and will draw on its experience to help restructure the Bulgarian army. In turn, the Bulgarian officers will acquaint their American colleagues and hosts with the democratic processes in Bulgaria, thus improving Bulgaria's image and enhancing its international prestige.

The specialization of the Bulgarian officers comes as a result of Dr. Zhelev's visit to the United States and proves that there are opportunities for Bulgarian-U.S. cooperation in the sphere of the conversion of the military industry. The visit of the Bulgarian officers is unique in a number of respects: They are the first military experts from Eastern Europe invited to the United States. The Bulgarian officers will have full access to military sites, schools and academies. It is for the first time that the United States Information Agency News Agency sponsors and covers all the expenses for the specialization of officers. All this is indicative of the new attitude towards Bulgaria and its officers.

Zhelev Meets BSP Leadership; Briefing Reported

*AU0406184791 Sofia Khorizont Radio Network
in Bulgarian 1630 GMT 4 Jun 91*

[Text] President Dr. Zhelyu Zhelev met leaders of the Bulgarian Socialist Party [BSP] Supreme Council and of the BSP Parliamentary Group, the BSP Press Center announced.

During the talk, which is part of Dr. Zhelev's series of consultations with political forces, the president and the BSP leaders exchanged information on all the problems of the domestic political situation and methods to solve them.

The BSP leadership is convinced that similar meetings, which have already become a useful tradition, represent a positive factor in the efforts to consolidate the political atmosphere and reflect the good will of all those participating in the process of political developments, the announcement says.

It is traditional for the questions raised on such occasions to also be discussed within the parties' leaderships; this was agreed upon at today's meeting.

Let us now hear a report on today's weekly briefing of the BSP, which was attended by our reporter Nina Spasova.

[Begin Spasova recording] Evaluations and views on important questions of our political life prevailed at today's briefing. I will describe them in the following order:

On the question of the referendum, the BSP does not see any reason to change the legislature's decision on the subject. This is what Krasimir Premyanov, deputy chairman of the BSP faction, announced. Mr. Premyanov described the rumors on canceling the referendum as unjustified. Only the Grand National Assembly is entitled to introduce amendments on this issue, he declared.

An interesting feature of today's briefing was the fact that the rumors about presumed meetings of Socialist legislators with Simeon Coburg-Gotha were neither confirmed nor denied. It was, however, expressly pointed out that the leadership of the Socialist Party had not authorized anyone to hold such meetings, and if they did take place they were the result of individual initiatives.

On the question of the budget, Deputy Stefan Stoilov expressed cautious optimism. According to him, the legislature as a whole has a constructive attitude to the upcoming debate, but the BSP will insist on convincing itself that the budget is substantial, which applies in particular to the revenues.

The greatest amount of time and attention were devoted to the already widely discussed controversial lists of mid-level economic leaders who are urged to resign.

According to Aleksandur Marinov from the BSP Supreme Soviet Presidium, the lists contain certain disturbing facts, namely incorrect names and strange opinions. As a typical example of political accusations, he cited the argument on which the request to dismiss a certain economic manager was based, namely on the grounds of his former position as chief of the construction team that built the Buzludzha monument, for having been member of a Bulgarian Communist Party city committee, and for having refused to be addressed as Mr.

The BSP is not in favor of uncritically defending all the individuals cited in the aforementioned list, but it advocates a careful and objective evaluation of these people's professional qualifications. Mr. Marinov declared. [end recording]

Zhelev Meets With Legislative Factions

*AU0506075591 Sofia BTA in English
0636 GMT 5 Jun 91*

[Text] Sofia, June 5 (BTA)—President Zhelyu Zhelev, cabinet members and MP's ended their previously unannounced consultations late last night. Dr. Petur Dertliev, chairman of the parliamentary Union of Democratic Forces (SDS), took part in the consultations. The leaders

of the Bulgarian Socialist Party (BSP) Mr. Aleksandur Lilov and Mr. Andrey Lukanov were absent. Group 39 of the MP's who boycotted parliament was also absent, probably because they had not been notified of the meeting. The most pressing problems were on the agenda: the form of government referendum, the possible dissolution of parliament, various options for new elections, the general political situation in this country and the mounting tensions.

A referendum bill will probably be submitted in parliament tomorrow as the legislation under which the Grand National Assembly took the decision for a referendum on the form of government is criticized by a number of legal scholars. For the time being, the resolutions on the referendum and on the dissolution of parliament remain unchanged.

According to MP's of the SDS who attended the talks the differences between the parliamentary BSP and the SDS are very strong and the Grand National Assembly will hardly survive and accomplish its mission. There are serious differences between the Socialists and the Bulgarian Agrarian Party. Emotions were running high at the consultations, judging by the loud voices heard behind the door which was closed to the press.

The parliamentary forces will probably hold consultations today to straighten out their views.

Political Events of 4 Jun Reviewed

AU0406210191 Sofia BTA in English
1930 GMT 4 Jun 91

[Excerpts] Sofia, June 4 (BTA)—As of tomorrow, petrol and other fuel prices are going to double and probably affect the prices of all other goods. The price rise came as a result of the government's decision to stop fuel subsidies which so far heavily burdened the national budget. The liberalization of fuel prices is also connected with the 1991 budget update which the government approved a week ago. Today the National Bank announced that as of June 10, 1991 base interest rates will go up by 7 percentage points from 45 per cent to 52 percent.

Today the Bulgarian parliament again postponed its plenary sitting debate on the updated budget. The budget is now discussed at a joint meeting of parliament's economic and budget committees together with Finance Minister Ivan Kostov. [passage omitted]

A week after the Bulgarian parliament adopted a resolution on its future work: A referendum on the form of government in early July, a final vote on the new constitution on July 17, self-dissolution of parliament and elections in September, the opinion seems to prevail that the resolution is legally untenable in its part concerning the "republic-or-monarchy" referendum. The radicals in the Union of Democratic Forces (UDF) were the first to react to it. The referendum will divide people artificially, now the key concern is not a monarchy or a republic, but democracy or totalitarianism, they say

insisting on immediate elections. Today the Bulgarian Agrarian Party (BZNS) declared that the referendum was improperly timed. These days the president is expected to address the nation in connection with the referendum. [passage omitted]

After Mr. Aleksandur Dzherov, chairman of the Legislative Committee, also walked out of parliament, Group-39 believes that other MP's will also follow suit. Mr. Dzherov's motive for walking out of parliament is that the relations within the Grand National Assembly have become strongly polarized. A nominal quorum is left that is just enough as a nominal "aggregate," but parliament is not a representative body which can go on with its law-making operation any longer, Mr. Dzherov said.

Today's "DEMOKRATSIYA" carries the appeal of a group of prominent intellectuals in which they insist on parliament's dissolving itself immediately, on setting an early date for parliamentary elections and categorically reject a pre-election referendum on monarchy or republic.

The Bulgarian citizen Konstantin Karadzhev stated today that he will sue the Italian "IL GIORNO" in which he was said to have made certain statements in connection with the assassination attempt against the pope, the wire services reported. He stated he had never been a chief of the secret services and denied any connections with the KGB. Mr. Karadzhev maintains that at that time he was deputy director of a telephone-making enterprise in Sofia.

Assembly Repeals Decision on Referendum

AU0506133491 Sofia BTA in English
1314 GMT 5 Jun 91

[Text] Sofia, June 5 (BTA)—The Grand National Assembly repealed its decision to hold a referendum on Bulgaria's form of government in July. The former decision, adopted a week ago, was subjected to severe criticisms.

Social Democratic Party Address to Nation

AU0406125891 Sofia SVOBODEN NAROD
in Bulgarian 30 May 91 p 1

["Address to the Bulgarian People from the Executive Office and the Legislative Faction of the Bulgarian Social Democratic Party"; in Sofia on 29 May]

[Text] We are living during a crucial time. Democracy is in danger, threatened with being crushed under the ruins of communism. Bulgaria is entering a dramatic phase of economic, social, political, and spiritual crisis. The communist nomenclature continues to plunder the nation's riches and to perniciously affect all spheres of our life. The catastrophic impoverishment of the nation, unemployment, and the uncertainty of the people threaten our society with a social explosion. The quick solution to

these problems demands a sense of national responsibility and decisiveness from us.

Overcoming the national catastrophe and the achievement of a final victory for democracy are only possible with the combined efforts of all honest and caring Bulgarians working for the future of the country. Bulgarian social democracy calls upon all the democratic forces to act together in the name of the common goal. In these difficult days for Bulgaria, the Bulgarian Social Democrats are and will be part of the Union of Democratic Forces.

The decision of the Grand National Assembly of 28 May 1991 categorically outlines the most pressing tasks of the Bulgarian democratic opposition:

- Free expression of the people's will regarding the format of state government;
- Guaranteeing peace, tranquillity, and social security for every Bulgarian;
- Uniting efforts in the search for the quickest ways of changing the social system in the country.

For us the solution of these tasks depends mainly on the removal of the Bulgarian Communist Party-Bulgarian Socialist Party from political and economic power and depriving it of the possibility of controlling Bulgaria's fate.

Sofia, 29 May 1991.

KNSB on Situation, Support for Government

*AU0406172391 Sofia BTA in English
1600 GMT 4 Jun 91*

[Text] Sofia, June 4 (BTA)—The Confederation of Independent Trade Unions in Bulgaria (KNSB) believes that at this important moment when the government is launching the second phase of the reform, it needs support by the trade unions and the political forces. The government, the employers and the trade unions should continue their negotiations in the Tripartite Commission on the Harmonization of Interests so as to reach a reasonable compromise and preserve social peace, KNSB President Prof. Krustyo Petkov told BTA.

The Podkrepa Labor Confederation, which is the other trade union amalgamation, walked out of the talks yesterday demanding higher minimum wages and guarantees by the prime minister for workers' incomes. Prof. Petkov considers the demand for a higher minimum of subsistence justified but impracticable because neither the exchequer nor industries will be able to pay higher wages. Prof. Petkov said that higher minimum wages would double unemployment and level workers' incomes.

Representatives of the KNSB from around the country held a consultative meeting here today to discuss the trade union's strategy in the second phase of reform.

They will also discuss the rate of compensation for the increased fuel and electricity prices, measures to curb unemployment, and free wage-bargaining. The final official stand of the KNSB will be announced tomorrow. According to the KNSB leader, in case the Podkrepa Confederation refuses to sign the agreement on social peace, the KNSB will probably ask the political forces and parliament for additional guarantees before it signs it unilaterally.

The KNSB has started a round of new consultations with the political forces. The trade union met with representatives of the Bulgarian Socialist Party to discuss the KNSB-proposed dismissal of 120 managers belonging to the former Communist nomenklatura. It will also meet with representatives of the Green Party, the Nikola Petkov Agrarian Party, the Social Democratic Party, etc.

Podkrepa Trade Union Warns Government

*AU0406201691 Sofia BTA in English
1836 GMT 4 Jun 91*

[Text] Sofia, June 4 (BTA)—The Podkrepa Trade Union amalgamation sets conditions to the government for its participation in the talks of the tripartite commission for harmonization of interests.

Yesterday Podkrepa walked out of the commission and will return as soon as the government suggests the new prices, the exact amount of compensations, the minimum of subsistence, the minimum wages and the date on which price rises will become effective, Podkrepa's spokesman Dr. Krustyo Krustev told journalists today.

"We have made too many concessions in the commission so far, both to the government and to employers," Dr. Krustev said. He stated that Podkrepa has information about economic managers who deliberately bring enterprises to bankruptcy so as to privatize them more easily. "There are drastic examples," said Podkrepa's spokesman.

Podkrepa accuses the Confederation of Independent Trade Unions, the other trade union amalgamation, of populism, defeatism and betrayal of workers' interests.

Small Businesses Given Tax Incentives

*AU0506071491 Sofia BTA in English
2021 GMT 4 May 91*

[Text] Sofia, June 4 (BTA)—Today the government approved a program exempting small business in Bulgaria from profits tax for a period of two years.

Businesses qualifying as small under the government decision employ not more than 50 people and have fixed assets valued at less than three million leva (about 140 thousand dollars at current exchange rates). Such companies will be given sites for constructing buildings and other projects they may need to carry out their business and will enjoy other concessions.

A government financial facility will also be established to grant credits at lower interest rates and meet half of the companies' expenses on electricity, running water and telephone charges.

Kostov on Importance of Updated Budget for Reform

AU0406134791 Sofia VECHERNI NOVINI
in Bulgarian 30 May 91 p 1

[Report on interview with Finance Minister Ivan Kostov by Todor Lipanov; place and date not given: "Updated Budget Awaits Verdict"]

[Text] After an 18-hour discussion, during which many proposals, addenda, and texts were suggested, the government adopted the 1991 updated budget. It will be submitted to the Grand National Assembly on 30 or 31 May. It was difficult to create the first budget based on market principles. First of all the Grand National Assembly extended the last budget. Then a new variant was adopted provisionally with great difficulties. Then, a new variant was adopted for a period of three months. Then for one additional month....

What was corrected in the 1991 draft budget, that will be submitted to the Grand National Assembly? This is the question a VECHERNI NOVINI reporter addressed to Ivan Kostov, minister of finance, after the meeting of the government.

Generally speaking, we mainly discussed the possibilities and measures of alleviating the situation of the producers and stimulating production, something that would create an economic upsurge, Minister Ivan Kostov said. Thus we could overcome the economic stagnation. The most serious proposals were voiced in this area. It is the Grand National Assembly that will precisely formulate the budget's article.

Minister Ivan Kostov is convinced that the draft document that will be submitted to the Grand National Assembly reflects not only the government's economic policy and intentions of conducting its financial line, but also the outline of the entire concept of the reform implementation in recent months. A report outlining the

government's intentions in this sphere has been appended to the draft budget. Minister Kostov thinks that one must first implement the measures and talk afterward. However, as he put it, "apparently the opposite will happen again—people will talk before they act." He thinks that the negotiations with the tripartite commission with the participation of the trade unions and the employers will be very difficult. Nevertheless, he hopes that they will be fruitful.

The most revolutionary element of the updated budget is its total withdrawal from economic life, Minister Kostov said. The relative share of budget revenue decreases from 57 to 33 percent. In other words, the relative share of revenue stemming from the taxes, as well as other kinds of revenue will decrease. This means that the budget relinquishes almost one-third of its distribution possibilities, as they existed in previous years. With this budget our country comes much closer to a market economy. The relative share of budget revenue in the Gross National Product already resembles that of countries with asserted market economy. We no longer are an "extremist" country in which all revenues are collected by the state and then distributed by certain "wise-guys." The state withdraws, and the tax burden decreases.

Asked about the many companies that do not pay their taxes, Minister Kostov said that there should only be one measure against them—stopping the activity of such companies. He would even insist on amending the laws and declare evading the payment of taxes an act punishable by the Penalty Code.

I hope that the discussions of the Grand National Assembly will be as constructive as those of the government, Minister Kostov said. I hope that proposals will be made to increase the budget expenditures, accompanied by proposals to decrease those expenditures and increase the budget revenue—i.e., I hope that a real balance of interests expressed by the budget will emerge. This budget must turn into a guarantor of the country's economic reform, Minister Kostov said.

If the Grand National Assembly rejects the draft budget, Minister Kostov is prepared to resign, as all his colleagues do in such cases.

Dienstbier Asks EC for More Support*AU0406131491 Prague CTK in English 1359 GMT
31 May 91*

[Text] Prague May 31 (CTK)—Czechoslovak Foreign Minister Jiri Dienstbier today asked the EC states to show greater understanding and to give more support to Czechoslovak requests in their negotiations on an EC association agreement.

Especially important in the association accord is greater access to EC markets and solid and effective financial cooperation. Dienstbier told ambassadors of the EC member states. The Foreign Ministry's press section told CTK that Dienstbier stressed the importance of arriving at an agreement that would help Czechoslovak economic reform.

The fourth round of association negotiations on May 6-7 dealt with many of the issues raised by Dienstbier today. The next round is scheduled for mid-June, and both sides hope to wrap up the talks by the end of the year.

Developing multilateral relations with the EC is one of Czechoslovakia's top foreign policy priorities, said Dienstbier, and concluding an association agreement is a means of achieving the goal of full EC membership.

He told the diplomats that it is in the interest of the EC for the agreement to boost economic and political stability in Central and Eastern Europe, suggesting that the EC could help finance Czechoslovak exports to the Soviet Union as part of its aid program to the USSR.

Greek Foreign Minister's Meetings Reported*LD0406220891 Prague CTK in English
2045 GMT 4 Jun 91*

[Text] Prague June 4 (CTK)—Political, economic and security issues connected with European integration were discussed here today by Czechoslovak President Vaclav Havel and visiting Greek Foreign Minister Antonis Samaras.

Earlier in the day, Samaras discussed nationalities and economic problems with Czechoslovak Federal Assembly (parliament) Chairman Alexander Dubcek. Samaras, who arrived on Monday for a three-day visit, was interested in the political situation in Czechoslovakia and Czechoslovakia's attitude to the current changes in the Soviet Union.

In a meeting with Federal Deputy Premier Pavel Rychetsky, Samaras praised Czechoslovakia's efforts to restore a democracy and a market economy. Samaras suggested regular close contacts between the Greek and Czechoslovak Governments on the level of experts.

Samaras agreed with Czechoslovak Economics Minister Vladimir Dlouhy on the need to expand the exchange of specialists in many industrial branches. Dlouhy informed Samaras of Czechoslovakia's interest in joining the European Community, its cooperation with

the International Monetary Fund (IMF) and of the termination of the existence of the Council for Mutual Economic Assistance (CMEA).

When meeting with Dorotej, the Orthodox metropolitan of Prague and of All Czechoslovakia, Samaras called for closer relations between the Orthodox churches in Czechoslovakia and Greece.

Calfa on Constitutional, Legal Arrangement*AU0406122991 Prague CESKE A
MORAVSKOSLEZSKE
ZEMEDLSKE NOVINY in Czech 1 Jun 91 pp 1, 3*

[Interview with Prime Minister Marian Calfa by Kateřina Sladkova; place and date not given: "Two Are Better Than One"—first paragraph is CESKE A MORAVSKOSLEZSKE ZEMEDLSKE NOVINY introduction]

[Text] We are following the state of the negotiations on the Federation's future fate with somewhat furrowed brows. Meanwhile, the politicians have the main say in the issue; their views differ considerably, especially in accordance with which side of the hyphen they are voiced. Although, to be honest, the desire to find a compromise is substantial—first and foremost—on the Czech side, but also on the Federal side. Even to the extent that what previously seemed unacceptable is today quite a viable solution. How can this be possible? We sought out Federal Prime Minister Marian Calfa for an answer.

[Sladkova] Mr. Prime Minister, we spoke with you some time ago about the Slovak side's proposal to conclude a state treaty between our republics. At that time you were rather skeptical. You had fundamental reservations from the legal point of view in particular. Despite this, Slovak Prime Minister Jan Carnogursky has let it be known that you now support the idea of a state treaty. Have you changed your opinion?

[Calfa] The issue is that we both probably visualize something different under the concept of a state treaty. I have come to the conclusion that a treaty element must exist in our mutual relations at this time. That is, some kind of document should be adopted in which the representatives of Czechs and Slovaks ceremonially declare their desire to live in a joint state. First and foremost, this method would give Slovaks—and, I suppose, Czechs too—the feeling that they themselves had decided equally on such an important issue as coexistence in a single state. If such a need exists, then I must consider how to do my best to meet it. This idea is followed by a far more forceful demand expressed by Mr. Knazko, and also by Mr. Prokes. That is, a demand expressed not only by the Slovak National Party, but also by the Movement for a Democratic Slovakia, for a state treaty between two sovereign states on whose basis a third, joint state will evolve. In other words, a demand has now been made to actually break up the CSFR and establish a new state on a treaty basis. However, it is necessary to say that J. Carnogursky does not have

breaking up the state in mind when he talks about a treaty. That is, the issue depends on the entities that will conclude the treaty and on its contents and obligations.

[Sladkova] However, the Federation still exists and, in the meantime, we have no legal possibility of breaking it up....

[Calfa] Today it is indeed impossible to legally and constitutionally break Czechoslovakia up. All the changes can only take place within our state's borders. Therefore, we may consider a method for our constitutional and legal arrangement, but it is simply impossible to implement a legal break up of the CSFR's integrated territory. If we decided to ignore this and one of the republics broke away, we would find out very quickly that the surrounding world would not accept such an anti-constitutional course of action and that everyone would react negatively to a state behaving in such a way, would not recognize it, and so on. Therefore, the much discussed state treaty—as I understand it—would mean transferring our nations' relations onto a treaty basis while preserving the compact nature of the state.

[Sladkova] Of course, this involves an agreement between the republics, and the Federation is then disqualified from the game along with its bodies.

[Calfa] There is really a snag in this. If a bilateral act is involved, then, understandably, one of the sides could—after a certain time—decide that it is withdrawing from the treaty. Therefore, I always prick up my ears when I hear about a state treaty and, therefore, Prime Minister Carnogursky is speaking about a state treaty without a foreign policy aspect. Of course, if the issue involves a treaty that does not change anything in the integrity of the CSFR's territory and only amends domestic relations, then it does not matter at all what it is called. I am willing to accept this in the interest of stability and the CSFR's future.

Another problem lies in the entities that will participate in the treaty and also, of course, in its specific contents. We have come to the Federation's role here. According to the Constitution, the national councils are the promulgators of the nations' sovereignty. The Federal Assembly is also—according to the Constitution—the supreme legislative organ and promulgator of the Federation's state authority. Therefore, according to the Slovak side's interpretation, only the Slovak National Council and the Czech National Council are competent to conclude a treaty on coexistence between our nations in a single state. Another complication is caused by the fact that the national councils can undertake this legal act, but—according to our Constitution—its legal nature and legal liability is unclear.

[Sladkova] Are the national councils fully aware of this fact?

[Calfa] The idea is that the Federal Assembly would allow the national councils to conclude an agreement with the proviso that they declare in advance that it will

be considered binding and, at the same time, determine what its contents should be. To be frank, whether the Federal Assembly will display this manifestation of will or not is its business alone. No one, not even the national councils, can impose such an obligation on it in this regard. The mutual interaction and cohesion among all three—not just two—entities form part of this free will. Therefore, it will involve open negotiations based on a specific agreement. However, this development of events proceeds from a view that is unacceptable to me—that Federal Assembly deputies are not in fact representatives of the nations that elected them.

[Sladkova] To be perfectly honest, the entire course of action seems rather complicated to me.

[Calfa] You are right, and the question really is how the Federal Assembly plenum will face up to such a development, because it is necessary to adopt a constitutional law that makes the abovementioned procedure possible. However, the pragmatic approach of J. Carnogursky—who, in the long-term view, is also reckoning with Slovakia's complete sovereignty—is, in the given situation, a guarantee that the necessary time will be found. He realizes that Slovakia needs the Federation today and that its possible independence is a longer-term process.

[Sladkova] Of course, such an approach irritates and upsets many Czechs.

[Calfa] Ask yourself how Europe will look, let us say, 10 years from now. Neither Prime Minister Carnogursky, nor myself, nor anyone else knows. However, it may be assumed that it will become integrated and that borders will lose their current meaning. It will probably not be states that are communicating among themselves, but individual regions and individual enterprises. From this point of view, the distant future does not bother me at all. It interests me, but the present and its needs—understandably, with some kind of perspective—must mainly interest me. Therefore, I am willing to accede to a sensible, but—at the same time—constitutional solution that will provide a breathing space. Although both our republics are today—particularly from the economic point of view—standing, so to speak, on a foot of clay, I am sure that if they stand on two it will be easier to maintain our balance.

Klaus Report on Economic Developments

AI 0406135291 Prague HOSPODARSKE NOVINY
in Czech 28 May 91 p 4

[Finance Minister Vaclav Klaus report to the Federal Assembly; place and date not given: "The State Budget in the Process of Economic Reform"]

[Text] The role of the state budget in the process of the economic reform is substantial. It needs no explanation that the state budget actively affects the economic development and concurrently reflects the economic results. It is both a tool of economic policy and a kind of economic barometer.

If we study the development of the budget revenues and expenses in the first quarter of this year, we learn that the state budgets realized a surplus in excess of 15 billion korunas, a fact that may please many observers but raise suspicions in others, for this sum exceeds by 7 billion korunas the surplus planned for the whole year. Before we begin to analyze the reasons for this development, let us look at these results from the point of view of the relationship between the budget economy and the results of the economy as a whole.

In my opinion, our present view, however penetrating and well-meant, of the short-term economic development in the first quarter of 1991 does not allow for any definite conclusions or categorical judgments. The impact is too significant of the assessor's stand and the criteria he prefers or, vice versa, does not consider that important. This evaluation then, to a great extent, reflects the *a priori* subjective element of the attitude toward the economic reform and thereby to its progress.

The government, or rather all three governments, approached the implementation of economic reform well aware—no one made a secret of it—that the price liberalization and other measures coming into effect at the beginning of the year, together with the change in the external economic conditions, would bring about a number of problems and difficulties in the economic as well as in the social spheres. A decline in production volume was expected, as was inflation and growing unemployment.

Today, when statistical data are available for the first quarter and perhaps also for April, one can say that until now, the intensity of the unfavorable tendencies has been greater in some areas than expected in the forecasts made for 1991 in November and December. This concerns the decline in the volume of production as well as the increase in consumer prices and the rapid growth of unemployment. They are serious problems that inevitably accompany the transition to a market economy, and we must pass through this stage of the transformation, whether we like it or not.

External influence that we could not have predicted in its entirety, and that we can hardly restrain, certainly had a great share in generating these economic difficulties: above all, the economic disintegration of the Soviet Union and its negative consequences for Czechoslovak exports.

Moreover, one must take into consideration that the statistical data on development of prices, production, and unemployment do not fully reflect reality because they do not give a complete picture of the dynamics in the private sector. If all the relevant data from the private sector were recorded, undoubtedly the final indicators of the economic development would be better. That is a matter of statistics that unfortunately is repeated in all reforming countries. The delays in data are responsible for not reflecting the activities in services completely, and therefore this sphere is also undervalued here.

Regarding the price indices, they are weighed on the scales of 1989, as no other scales are or can be available. We do not even have any alternate structure of consumption. We estimate that on scales corresponding to the actual consumption structure of 1991, the price index would be lower by five to nine points.

Nevertheless, to make this stage as painless and as short as possible, it is necessary that the government economic policy be sufficiently flexible, but concurrently not retreat from the basic principles set by the economic reform scenario for this period.

At the same time, it is necessary that the economic management of the enterprises be much more flexible and adaptable under the new conditions than ever before. Precisely, the ability to adapt is one of the most important parameters that will determine the survival of many enterprises as well as the living standard and employment of many of our fellow citizens.

The present state of the economy and the economic policy of the government are today a frequent target of diversely motivated criticism. A help for all of us is constructive criticism. On the other hand, we are not at all helped by the numerous, usually one-track criticism, the authors of which generalize the negative sides of the process of transformation and, in some cases, draft catastrophic scenarios and disseminate defeatist views of our future. They themselves usually do not have an alternative program, or they have one based on the old methods of state regulation that the economic reform seeks to replace with market principles.

The government is pleased that its intentions in the area of currency and financial policy were upheld in the first quarter. Specifically, this means the stability of the exchange rate of the koruna, its internal convertibility, and the developments in the balance of payment, credits, and the state budget. The relatively favorable development of these macroeconomic characteristics is significant in that, should the opposite occur, inflation will most probably be even greater than the current one is, and so will be the rate of unemployment. At the same time, we must view the achieved results rationally, because we are aware that great problems appeared or deepened in the organizations of the enterprise sphere as well as in the budget sphere. I do not want to analyze them in detail, as they were expounded upon and discussed many times at various levels, most recently in the Federal Assembly several days ago.

Now, to explain the question of why at the present state of the economy, when production declines, the state budgets show a 15.3 billion koruna surplus.

First of all, I would like to respond to some expressed opinions that consider this result to be largely a consequence of the restrictive policy. It is true that the

individual finance ministries, upon mutual agreement, for the first quarter turned to regulating the budget expenses—regardless of whether they were subsidies to enterprises or expenditures concerning budget sphere organizations. The approach was not a sweeping one, but the specific features of individual branches and sectors were considered.

The total of these additional regulatory measures, however, played only a minor role in the creation of the budget surplus. I would like to point out that, of the approved expenses from the state budget for 1991, 23.3 percent were drawn in the first quarter. One can compare it with the first quarter of last year (19.7 percent) and 1989 (slightly over 20 percent).

The essence of the surplus generation is in its revenue side; because of the revenues expected for the whole year, 26.5 percent were achieved by the end of March. For comparison, one can add that from 1989 to 1990, revenues fluctuated between 21 and 22 percent in the first quarter. The main factor in the increased revenues was the high income tax that surpassed 41 percent of the annual budget. At first sight from outside, it might seem a clearly favorable phenomenon. However, it is a rather paradoxical phenomenon, as it occurred in a situation with the actual production volume declining and continuing high insolvency of enterprises. Although the information on financial management is provided with some temporal delay, it is obvious that the main cause for the high income tax was the fast dynamics of profit generation effected by the price increase that significantly surpassed the growth of wages, i.e. the production costs of the enterprises. The growth of enterprise profits was caused mostly by financial development on the domestic market and partially by the devaluation of the koruna that increased koruna prices achieved in exports.

The uneven movement of prices and the unequal share of the cost of wages and imports in the total expenses of enterprises in different branches naturally caused a very disparate profit development, which can partially explain the growth of insolvency of some enterprises. Nevertheless, these data show that it was not the enterprises who suffered as a result of the price liberalization and by the devaluation of the koruna; this is shown by the dynamics of the total profits of the centrally managed enterprises that, over the first month of this year alone, reached the index of 322 percent.

From the economic point of view, it must be said that the every fact of the budget surplus and its unexpected size must not be overestimated or even accepted uncritically as an expression of a long-term success of the budget policy. Nevertheless, we do not denigrate the significance this surplus had in the inflationary situation in the first quarter of this year for regulating the total demand in the economy. The sober approach in the assessment stems, above all, from the fact that it concerns only a temporary state of the budget situation, and

that one cannot draw from it any automatic conclusions regarding the financial shape of the state for the remainder of 1991.

I emphasize this because the publication of the budget results initiated an atmosphere in which numerous organizations and institutions began to claim the right to utilize some part of this surplus, feeling that these are free funds to be given out. That is an erroneous view. There is no competition for such a distribution of funds. I would like to remind you that the budgets for the year were drafted and adopted in the appropriate laws as a whole with a surplus of 8 billion korunas for reasons that, I believe, need not be repeated.

If the surplus at the end of March was in excess of 15 billion korunas, then it is approximately 7 billion more than planned for the whole year. However, as the budget economy statistics of the past years show, it is about the amount by which the budget results deteriorated in the remaining part of the year. There is a certain seasonal effect even here, and it usually demonstrates itself by drawing the budget expenses in the fourth quarter.

There are more arguments urging caution. They imply the unique character of the first-quarter results that will not be repeated. The slowing inflation will lower the temporarily high profits and thereby also the income tax. The increment in the approved guiding number for wage increases will result in a greater growth of wages than in the first quarter and therefore also a decline in profits, and consequently an income tax reduction. The social-type funds will be drawn to a greater extent, and the budgets will have to deal with a number of pressing expenses. All these reasons make it obvious that one cannot make hasty conclusions based on a short-time development, that one must use financial tools carefully and use them sensitively to regulate the economy. However, even that has only a complementary defect. The basic role is played by the behavior of our economic entities and by the exogenous influences originating externally.

To sum up: Although the governments are aware of the complex nature of the situation, they do not give up their intention of pursuing an anti-inflationary budget policy, and therefore one cannot expect that an extensive revision of the approved budget will take place as a consequence of the first-quarter results.

Nevertheless, numerous measures were adopted over the past days and weeks. The sales tax was reduced by 10 percent and the periodical press was transferred to a lower tax tariff; the imports surcharge that also is a budget expense was reduced—first from 20 to 18 percent and on 27 May by a decision of the Financial Council from 18 to 15 percent. Spending accelerates in health care education, in which a quarterly indexation of the budgets will be introduced because of the price increases.

The lower price of oil—and the consequent price differences—resulted in the creation of certain funds that will be used for ecological projects, to finance the relocation

of the Rye Island [Zithy Ostrov—an area along the Danube in southern Slovakia] pipeline, to desulfurize Pocerady power plant, and several other specific minor tasks. Substantial amounts of money have been released recently for the needs of the CSD [Czechoslovak State Railway], etc. The government will proceed with all these projects according to the development of the economic situation.

Hence, we can see that the state budgets actively affect various spheres, a phenomenon that is needed more in the period of transition than it is in a stable economy. In any event, we will keep to the principles of the economic reform scenario and will not permit the state budgets to become a tool of an extensive discriminating approach to the enterprises, and that they would take over the responsibility for restructuring industry. That will be regulated by market laws, and the enterprises themselves must become active entities in the market.

[The report is illustrated by three diagrams. The first one shows the share of planned state budget revenues realized in the first quarter—42.6 percent in 1990, and 28.7 percent in 1991. The caption reads: "As a result of the change in the distribution of revenues among the individual state budgets,

according to the budgetary regulations in effect since 1 January 1991, the share of the state budget of the Federation in the total revenues of the state budgets declined from 42.6 percent in the first quarter of 1990 to 28.7 percent in the first quarter of 1991." The second diagram shows the dynamics of the budget revenues and expenses in billions of korunas as of 31 March. "The dynamics of the budget revenues and expenses grew significantly, while the increase in the dynamics of revenues was faster than the expenses, which was reflected in a greater surplus of the state budget." The total revenues were 66.45 in 1989, 69.52 in 1990, and 108.76 in 1991. The total expenses were 66.10 in 1989, 63.87 in 1990, and 93.50 in 1991. The difference shown in 1991 is marked as a surplus +15.26. The last diagram shows the surplus of state budgets in billions of korunas. In 1989, the Federation has +0.51, the Czech Republic -0.42, and the Slovak Republic +0.26; in 1990, the Federation has +6.31, the Czech Republic -0.81, and the Slovak Republic +0.16; in 1991, the Federation has +5.07, the Czech Republic +4.09, and the Slovak Republic +6.10. The caption reads: "The total of the individual state budgets is more favorable this year than in the past, and the distribution among the budgets is more even."]

State Treaty With USSR May Be Abrogated

LD0406192791 Budapest Kossuth Radio Network
in Hungarian 1900 GMT 4 Jun 91

[Text] Hungary may possibly abrogate the state treaty with the Soviet Union which is still in force if it is unable soon to come to agreement with Moscow on the security policy clause of the new basic document. This was said by Foreign Ministry State Secretary Tamas Katona after his discussions in Bonn. Katona stated that for Hungary, having no treaty is always better than concluding a bad treaty. The state secretary at the same time opined that Soviet-Hungarian relations will improve, since the confrontation of the two military blocs has ceased in Europe.

U.S. Vice President Quayle Pays Official Visit

Signs Trade Agreements With Ministers

LD0406140191 Budapest MTI in English 1318 GMT
4 Jun 91

[Text] Budapest, June 4, 1991 (MTI-ECONEWS)—Visiting U.S. Vice-President Dan Quayle and Hungarian Minister of Transport, Communications and Water Management Csaba Siklos today signed an agreement on a U.S.-funded study of the development of airports in Hungary.

The study, estimated to cost 350,000 USD [U.S. dollars], is to be financed under the U.S. Government's trade and development program [TDP].

Important elements of the study include an estimate of current and potential use of air transport in Hungary and the technical and financial implications of the development of airports.

A U.S. company will be commissioned to carry out the feasibility study which will probably be completed this year. The study will not cover the seven military airports to be vacated by withdrawing Soviet troops because special tenders will be invited for their use.

Vice-President Quayle signed another agreement on TDP assistance to Hungary with Minister of Industry Peter Akos Bod, for the development of gas turbines in Hungary.

Under a third agreement, with the Ministry of Environment, TDP assistance will be granted to a study into the safe disposal of toxic waste.

Several studies have already been financed in Hungary with TDP support. These include a 500,000 USD study by Booz Allen Hamilton Inc. into the development of telecommunications in Hungary and a Bechtel study into granting concessions for the construction and use of motorways in Hungary.

Meets With Prime Minister Antall

LD0406210691 Budapest MTI in English 1811 GMT
4 Jun 91

[Text] Budapest, June 5 [dateline as received] (MTI)—Vice President of the United States Dan Quayle and Hungarian Prime Minister Jozsef Antall held talks for nearly one and a half hours in Budapest on Tuesday.

The meeting was attended by Hungarian Foreign Minister Geza Jeszenszky and U.S. Ambassador to Budapest Charles Thomas.

At the talks, focussing on a wide range of topics, both sides stressed that relations between Hungary and the United States were good and friendly.

Prime Minister Jozsef Antall recalled his impressions during his visit to the U.S. last autumn, saying, "Hungary and the United States may as well consider each other allies without an alliance."

Vice President Quayle said the United States regarded itself as if it were a part of Europe. He added that his present tour was also motivated by that commitment. The main aim of his tour of Hungary, Czechoslovakia, Poland and Bulgaria was to collect information on the process of transformation in these countries and the possible ways of resolving their problems, Quayle said.

On behalf of U.S. President George Bush and the American nation, Quayle thanked Hungary for its participation in the Gulf war.

Speaking about the situation in Central Europe, Quayle said the United States was amazed by the quick pace of transformation in the region in the past two years, saying that history had offered a great chance for the region to strengthen democratic values and the market economy.

Surveying the developments in the home affairs of Hungary, Jozsef Antall said the system of political institutions had basically been put into place. There are, however, big problems in the economy, with the settlement of ownership relations causing acute tension. The Hungarian government is aware of the issue's significance, all the more so as the settlement of ownership relations would be a very important factor in the safety of foreign investments.

Dan Quayle agreed with Antall on this point, saying that American businessmen have also laid great emphasis on this issue.

Discussing the state of the economy, Jozsef Antall described the dynamism of private enterprise as "promising," saying that 15,000 private companies were formed last year, with a further 7,000 launched in the first six months of 1991.

The second greatest burden on the Hungarian economy is foreign trade and its attendant problems. On this score, Antall said that the share of the Soviet Union in

Hungary's trade had now dropped to 20 per cent, with the Soviet Union having accumulated a debt of nearly 2,000 million dollars.

Outlining the problems in foreign trade, Antall appealed to the United States to help Hungary in promoting its exports. Speaking about Hungarian-U.S. contacts, Hungarian Prime Minister Jozsef Antall expressed his satisfaction with a constant growth in bilateral trade and the fact that the United States is the biggest foreign investor in Hungary with investments totalling 700 million dollars.

According to Antall, new and comprehensive economic agreements should be made in order to further develop bilateral ties. He mentioned an agreement for investment protection and one on the protection of intellectual property by way of example.

Antall asked that Hungary be freed from the disadvantages of us law hitting countries with a non-market-oriented economy.

Among favourable developments in bilateral ties, Antall mentioned the co-operation between Hungarian and American authorities in fields such as the fight against terrorism and drug trafficking. He proposed that an institutional system of consultations be created in issues of security as well.

Outlining the Hungarian position on security issues, Antall said he attached key importance to Atlantic thinking, which has it that the cornerstone of European security is NATO. Hungary is of this opinion in spite of the fact that it cannot become a member of NATO.

Antall stressed the importance of the U.S. presence in Europe, saying that European integration can never be opposed to atlantic thinking. Hungary's endeavour to become a member of the EC in this decade cannot influence its close co-operation with the United States.

Hungary is preparing to conclude general bilateral agreements with several countries, including the Soviet Union, France and Germany. Speaking about the Hungarian-Soviet general agreement, Antall said Hungary cannot accept the clause stipulating that neither side will join an organization hostile to the other.

It is not in Hungary's interest to have conflicts and tensions in its neighbourhood. Its efforts are directed at making borders penetrable and it would welcome its neighbours becoming democratic states. In this spirit, it would be favourable for Hungary if Yugoslavia became a federation of sovereign republics, Antall said.

Analysing the situation in the region, Quayle said that the Soviet Union was not in need of heaps of aid but rather of real reforms. Antall agreed with Quayle on the point that the West should make its aid to the Soviet Union dependant on the implementation of reforms.

Antall Hosts Dinner for Quayle

*LD0406212891 Budapest MTI in English 1853 GMT
4 Jun 91*

[Text] Budapest, June 4 (MTI)—After his talks with Hungarian Prime Minister Jozsef Antall, U.S. Vice President Dan Quayle was received by speaker of the Hungarian parliament Gyorgy Szabad, who informed Quayle of the intensive legislative work of the Hungarian parliament effecting the social-economic transformation in Hungary.

At the meeting of Dan Quayle and Hungarian President Arpad Goncz, Goncz thanked Quayle for the moral and material support extended by the U.S. to Hungary in its transformation to a new political system. He said Hungary still relied on the help of the United States, above all in the creation of a market economy where the support of foreign investors was indispensable, given Hungary's lack of capital.

According to Quayle, the interest of investors can be aroused chiefly by finding a proper solution to the settlement of ownership relations. In order to promote economic co-operation, it is also very important that Hungary respect COCOM [Coordinating Committee for Multilateral Export Controls] restrictions. President Goncz assured Quayle that Hungary would provide all the guarantees for this. During the talks, the sides discussed Hungary's request to the effect that part of the U.S. loans extended to the Soviet Union for the purchase of food could be used to buy Hungarian products.

Hungarian Prime Minister Jozsef Antall and his wife on Tuesday gave a gala dinner in honour of U.S. Vice-President Dan Quayle and his wife in parliament. At the dinner, attended by several prominent figures in Hungarian political, economic and cultural life, Antall and Quayle both made toasts.

Leaves Budapest for Poland

*LD0506100291 Budapest MTI in English 0922 GMT
5 Jun 91*

[Text] Budapest, June 5 (MTI)—Concluding his official visit to Hungary, Dan Quayle, vice-president of the United States of America, left Budapest on Wednesday for the next stop of his European tour, Poland.

On the closing day of his two-day visit to Budapest, Quayle hosted a breakfast on Wednesday morning at the residence of the American ambassador to Hungary, for representatives of the Hungarian parliamentary parties. He then met Peter Akos Bod, minister of industry and trade, then leaders of the Hungarian-American entrepreneurial fund, and Hungarian businessmen.

Prior to leaving Budapest, the vice-president and Mrs Quayle visited the Rakoskeresztur cemetery of Budapest and placed a wreath at the tomb of Imre Nagy and his fellow martyrs.

Jeszzensky Interviewed on Foreign Policy Issues

*AU0406105591 Budapest BESZELO in Hungarian
25 May 91 pp 7-9*

[Interview with Foreign Minister Geza Jeszensky by Attila Ara Kovacs in Budapest on 13 May: "Foreign Affairs Status"—first paragraph is BESZELO introduction]

[Text] Geza Jeszensky and the head of the Foreign Ministry cabinet received our chief editor on 13 May. In connection with the interview we previously agreed upon, Geza Jeszensky asked our chief editor to be able to answer his questions in writing. The final text, which we are publishing here without any changes, was sent to us on 21 May.

[Kovacs] The current Hungarian foreign policy is often summed up as one that is only trying to conserve its predecessor's series of successes or that it is trying to find its own political feature precisely at the detriment of this series of successes. What is your opinion about this?

[Jeszensky] Both interpretations are true to some extent, but I would omit the word "conserve" from the first one, and the word "detriment" from the second one, and I would replace these words with "further develop" and "with appreciation." As is well known, before 1988, many people justly accused the Hungarian Government of buying its more tolerant and more experimenting domestic and economic policy by displaying a foreign policy loyalty toward the Soviet Union. However, I highly appreciate the foreign policy measures taken after 1988 because these measures were already in harmony with the demands of the upcoming opposition and of the entire nation. Thus, the government formed after the free elections could openly accept the further development of those measures. Our acceptance into the Council of Europe, something initiated by the Nemeth government, was such a measure; however, neither this nor any other foreign policy measure would have been successful without a change in the regime in Hungary. This, together with the free elections brought Hungary in a totally different situation, and we could already start shaping our own political style from this situation. Our partners say that a new Hungary of a different style and manners, a Hungary using the language of the West has emerged in the international forums and bilateral negotiations. I think we played a pioneering role in important international steps, like the dismantling of the military organization of the Warsaw Pact, to only mention one of these steps. In addition, we carried out our change in orientation toward Western Europe and the United States without damaging our position in this region.

[Kovacs] To what extent is that certain Hungarian Democratic Forum [MDF] ideology asserted in conducting our foreign policy?

[Jeszensky] I do not think that the three elements that determine the MDF ideals—the national liberalism based on our 19th century traditions, the ideas of the

populist writers of the thirties, and Christian-democracy led by a feeling of social responsibility—can be called an ideology. If you think here about the number of MDF members in the highest echelons of our ministry, all I can say is that there are three people: Foreign Ministry General Secretary Andras Gergely and myself are founding members of the MDF, and Tamas Katona, political state secretary in the Foreign Ministry, joined the MDF in January 1991. Besides, we do not have any records on the party affiliation of the Foreign Ministry apparatus, but the number of MDF members must be around 12, and this is definitely not the largest political group here.

[Kovacs] You have been seriously attacked recently for some of your decisions. Do you generally consult the legislative parties on more significant issues?

[Jeszensky] Of course. For example, we had multiparty coordination several times during the Gulf crisis, and also in connections with various steps regarding Romania. In March-April 1991, I initiated a series of consultations with the opposition and we held a "six-party plus independent" foreign policy exchange of views where we agreed to hold such "brainstorming" sessions regularly.

[Kovacs] According to the opposition, there is some kind of consensus on basic national issues; however, recent government statements seem to have questioned the existence of such a consensus....

[Jeszensky] It is not my task to judge the extent to which we can talk about a uniform opposition and how general this opinion is among the members of the opposition. I can say, however, that in foreign policy, the government requires the cooperation of all the legislative forces. I wrote an article about the need for a consensus in which I mentioned Laszlo Lang's article that regarded this consensus as useless. My position is clear on this issue, and I am not aware of any government statement refuting this.

[Kovacs] To what extent do you feel the support of the Foreign Ministry apparatus? For example, at the outbreak of the Zwack affair, Katona Tamas said that you acted too hastily in issuing your statement.

[Jeszensky] Without exception, everyone in the Foreign Ministry thinks that a harmony between the political leadership and the apparatus is necessary. I placed confidence in many people here when I came here, and I think that this action was generally not unfounded. Naturally, there are events that put this harmony to test, and there are pressures when it is rather difficult to constantly stand fast by the other side. I am satisfied because I experienced a high level of loyalty in difficult times or at times of some personal attacks. As the proverb says: "One who turns out to be a friend in need...." Of course, it also happened that one or another of my close associates did not know well enough the full background and reasons of some individual and joint decisions.

[Kovacs] Speaking about the Zwack affair, you were mainly accused of dismissing him. Let me turn the question around: How did you think at all of appointing him as Hungarian ambassador in Washington?

[Jeszenszky] I am very pleased with the way you have formulated this question. Some people questioned the need to dismiss Peter Zwack, but it would have been a big mistake to keep him in his post. How did we come to appoint him? It was an original idea, and it seemed to be a good idea to appoint an ambitious businessman with an international background (Hungarian, American, and Italian), equally familiar with the economic world and the world of mass media, a person with good concepts. This was not only my opinion shared by several foreign ministry leaders. As far as I know, Peter Zwack made a good impression on all the parties. The Foreign Affairs Committee also supported his nomination unanimously.

[Kovacs] Do you get reports from the various embassies about the political, professional, or even personal activity of their personnel?

[Jeszenszky] I admit that your question surprises and scares me. Can you really imagine that I could tolerate the disgusting practices of the old regime, a foreign affairs apparatus that is watching its members and is sending reports about each other? The appointment of political commissars is unacceptable to me. Of course, supervisors evaluate our diplomats' professional activity, and this is reflected in promotions, appreciations, and remuneration, but the old type of "cadre work" and reports are unknown things in today's foreign affairs activity.

[Kovacs] According to some rather frequent opinions, there are at least four, or even more foreign ministries in Hungary....

[Jeszenszky] This statement is refuted not only by the telephone book. Of course, the Ministry of International Economic Relations is in charge of our foreign economic activity, although this sector is generally controlled by the foreign ministry in many countries. In harmony with the general international practice, the premier minister is playing a considerable role in shaping our foreign policy. All the ministers are holding international negotiations in their own sectors, but the Foreign Ministry coordinates all the foreign policy activity and thus the necessary apparatus can only be found here. Hungary does not have a separate minister in charge of Europe, like many Western European countries, and the ministers without portfolio are primarily helping the prime minister in his activity. If every scientist, sportsman, guest worker, and even tourist abroad is a diplomat in a certain sense of the word, then Hungary has 10 million potential diplomats.

[Kovacs] In your view, it is a real advantage if foreign policy is standing on "several feet." I find this contradictory with the recent attack on President Arpad Goncz regarding his steps concerning Romania, attacks coming from some officials in the Foreign Ministry.

[Jeszenszky] I do not really know what attacks you are talking about. For my part, I hold regular consultations with the president of the Republic, and I would regard a public debate with him as something not only disrespectful, but also extremely harmful. I do not know of any conceptional controversy on foreign policy issues between Arpad Goncz and the Foreign Ministry, and Arpad Goncz' travels abroad are in harmony with our foreign policy efforts. His personality is strengthening the style of the new Hungary and is making it individual.

[Kovacs] It seems that the Hungarian Government requires less assistance from the Foreign Ministry on matters concerning the Hungarian national minorities. Could we interpret the rumors that the Foreign Ministry is preparing now to eliminate its Romanian office and transfer it to the State Secretariat in charge of National Minorities as a sign confirming this?

[Jeszenszky] This statement also surprises me and also shows the extent to which rumors can distort facts. You surely know the joke on "dividing and looting." Besides, the Secretariat of Hungarians Beyond Our Borders of the Prime Minister's Office, as well as scientific institutes and advisory bodies all show the importance the Foreign Ministry and the government itself attribute to the cause of national minorities and the extent to which we rely on experts in this field. I do not think the Romanian office will ever be eliminated in the Foreign Ministry. To avoid unnecessary parallelism, however, a main department in charge of Hungarians living beyond our borders has indeed been eliminated in the Foreign Ministry.

[Kovacs] It seems that you are ready to make exaggerated sacrifices at the debate on the partnership treaty to be signed with the EEC. I mean here primarily the demand for a favorable, or at least not discriminatory export of our agricultural products, a demand that you seem to be ready to give up. I would also mention here the similar case of the market protocols, as well as the inclusion of the Hungarian intention to join the EEC into the aforementioned partnership treaty. Is it possible that you no longer stick to all this with the same ferocity as previously?

[Jeszenszky] Representatives of ministries directly interested in this partnership treaty are conducting negotiations on the basis of positions adopted at a government level, and they report to the government on these talks. A multiparty committee including the legislative deputies of the opposition parties was established recently. This will watch both the negotiations and the implementation of the treaty, and it will soon establish a joint legislative organization in charge of this partnership treaty, together with competent members of the European Parliament. Thus, the Hungarian National Assembly will also be able to receive regular information about the talks and the positions. As for the "exaggerated sacrifices" on the issue of agricultural exports, the Hungarian side is striving to achieve the most favorable conditions possible for the Hungarian exports to the EEC member countries.

As a result, there are no "sacrifices" involved here. As for the financial protocol, the EEC has not yet formulated its final position, but we count on a favorable change. As for the demand to include a reference on the full Hungarian membership in the EEC in the introductory part of the future agreement, or at some other point, we have consistently demanded this from the very beginning. The EEC position on this issue changed favorably recently and thus, this membership will be able to appear in the agreement not only as a Hungarian demand but also as a common prospect accepted by the EEC, too.

[Kovacs] Eastern European countries have always had some sort of mediating role in the Middle East. More than ever before, opportunities for a realistic solution are emerging today in this area. Would you tell us what concrete role is Hungary playing in establishing relations between Israel and the Arab world?

[Jeszenszky] With the restoration of Hungarian-Israeli diplomatic relations, the conditions have arisen for Hungary to develop mutually advantageous and balanced cooperation with both Israel and the Arab world, based on the priorities of our national interests. Our almost full diplomatic relations with the Arab world and the general expansion of bilateral cooperation are proving this. Our relations with Israel are developing dynamically. Let me mention Prime Minister Josef Antall's recent successful visit in the Jewish state. Given its international political weight and role, however, Hungary cannot demand a special role in establishing relations between Israel and the Arab world. I am convinced that, by strengthening our balanced relations in harmony with our international interests, we could contribute to the strengthening of mutual confidence between the two opposing sides, something that is an essential condition for the actual settlement of this problem. At the same time, we would not reject any mutually accepted proposal or request that we could implement and thus promote the restoration of peace in the Middle East.

[Kovacs] Is there any tension prevailing in the Hungarian-Israeli relations, a tension similar to the one prevailing in the Israeli-CSFR relations, because of possible Hungarian-Arab arms deals?

[Jeszenszky] Hungary does not sell arms to the Middle East; therefore, there is no tension in our relations with Israel from this point of view either.

[Kovacs] The quick opening of the Hungarian foreign policy toward Iran and Hungary being one of the countries that helped ease Iran's isolation were commendable actions. You visited Iran at the beginning of the Gulf war. In your opinion, to what extent has Iran given up its former political stubbornness?

[Jeszenszky] This process started earlier, and it increased beginning with June 1988, when the Iranian leadership accepted the U.N. cease-fire decisions that put an end to the Iraq-Iran war.

The Iranian leadership welcomed the change of regime in Hungary and expressed its readiness to constantly develop bilateral relations. Thus, it is not surprising that Tehran was one of the capitals outside the Atlantic area which I visited first. My visit also served economic and diplomatic interests: Iran's government decided to sign an agreement on the supply of Hungarian buses worth \$280 million. We are waiting with great hopes the upcoming visit of President Rafsanjani to Budapest, due in the near future.

Revolutionary changes that affect the entire society are often accompanied by radical, and sometimes messianic manifestations. This happened in Iran, too. Once this revolution reached a more mature phase, however, we witnessed a responsible, realist, and pragmatic policy on the part of the Iranian Government. The efforts aimed at eliminating the consequences of the destructive war and improving the living standards of the masses impressed me a great deal. Iran's international prestige increased as a result of its sober and moderate policy in harmony with the U.N. decisions on the Gulf crisis, and Iran continues to carry out an active diplomacy to bring about a regional peace and security system based on the mutual confidence and broad cooperation of the Gulf states.

[Kovacs] In view of the current events in Yugoslavia, what is your opinion about the previous arms export affair between Hungary and Croatia?

[Jeszenszky] Certainly, in the current situation, we would sell arms neither to the Croatian police nor to the Serbian police. I think all the other nine countries where no "affair" emerged about legally sold and exported arms have now the same opinion.

[Kovacs] Recently, you had the opportunity to talk to your Romanian colleague, Foreign Minister Adrian Nastase. How do you foresee the Romanian political prospects following the dismissal of General Stanculescu from its position as defense minister? It is well known that one could develop rational contacts with him earlier.

[Jeszenszky] In addition to the fact that we often meet at international forums with my Romanian colleague, occasions that always create the opportunity to exchange views on our bilateral relations, we are also maintaining regular telephone contacts with each other. Mr. Nastase, or the press, called this telephone diplomacy, and this is indeed a quick and efficient way of exchanging views.

Army General Stanculescu, the former Romanian defense minister, was a determining personality of the Romanian political life. The Hungarian-Romanian military relations achieved the framework of institutions during his time, and I mean here that an inter-ministerial agreement was signed during his time, and the Open Skies confidence-building agreement recently signed in Bucharest was prepared during his time.

The government reshuffle is Romania's internal affairs, and I do not think that this change at the Defense

Ministry might affect our bilateral relations in any way whatsoever. All the more so because there are no security problems in the Hungarian-Romanian interstate relations. Besides, General Stanculescu received an equally important ministry, the Industry Ministry, and we have already contacted the new defense minister and, thus, our military cooperation and regular consultations continue unabatedly.

Only time can provide a clear answer to the future development of Romanian politics. I hope that the processes and tendencies in Europe will turn our currently problematic relations into a constructive cooperation.

[Kovacs] You will leave for an official visit to the Soviet Union on 22 May. Your recent statements make us believe that the Hungarian side is ready to even make compromises in order to sign the Soviet-Hungarian basic agreement. Has our government's firm position on the "security policy paragraph" changed, a position that previously excluded any compromise that could affect our sovereignty?

[Jeszenszky] Our position is based on the relevant positions of the Hungarian National Assembly and the relevant government program. We did not modify, nor will we modify our position according to which we refuse to sign any treaty that would violate Hungary's sovereignty. We did not take any responsibility that contradicts Hungary's interests and laws. At the same time, as always, we will continue to seek solutions suitable for both sides. In my opinion, by hard expert work and goodwill, we can find the proper formulations necessary for the drawing of a good document that will settle our long-term relations properly and will strengthen mutual confidence.

Foreign Minister on Upcoming Visit to CSFR

AU0406155091 Budapest NEPSZABADSAG
in Hungarian 1 Jun 91 p 3

["F.O."-signed interview with Foreign Minister Geza Jeszenszky; place and date not given: "Foreign Policy and Historical Sciences"—first paragraph is NEPSZABADSAG introduction]

[Text] A large-scale East-West meeting will take place in Bartfa, Czechoslovakia, next week. Heads of state and

government, experts, and businessmen will all be discussing the possibilities of transformation. We asked Geza Jeszenszky about the ways in which Hungary was preparing for this meeting.

[Jeszenszky] The New York-based East-West Security Institute has set up a subsidiary branch near Prague to study changes in our region. I have a longstanding working relationship with the institute. I am even a member of the board of directors (although my membership has been "suspended" because of my ministerial post at the moment). CSFR President Vaclav Havel, Polish President Lech Walesa, and Hungarian President Arpad Goncz will all be present at the Bartfa meeting. I will personally be holding a lecture there next Saturday [8 June] on the influence of international factors on national minority affairs. It is very important for politicians and political scientists to meet regularly.

[NEPSZABADSAG] The following question is particularly relevant to you, Mr. Jeszenszky: What relationship can there be between scientific balancing, provisions, and the "daily" work of a foreign minister?

[Jeszenszky] Perhaps I know about the past, but nobody can predict the future. Abroad, and particularly in the United States, there are exceptionally close links between political science institutes and bodies like the White House or the State Department, which formulate foreign policy. Such links should also be consolidated in Hungary, and that is precisely what the nascent Teleki Institute aims to do. Given that there are quite a few university lecturers in the Hungarian Government, in our country links between science and politics tend to be rather intense in other areas, too. I personally often appear in a dual capacity, both as a historian and as a minister. Links between the past and the present are particularly strong this century.

[NEPSZABADSAG] What is your opinion on the statement made about you by Romania's Foreign Ministry spokesman?

[Jeszenszky] I think the Romanian spokesman attributed a non-existent "philosophical" quality to my statement. A journalist asked me whether the Hungarian-Soviet basic treaty would differ from the Romanian-Soviet basic treaty. I replied that bilateral treaties had certain common characteristics (like Helsinki and the Paris Charter) and that these characteristics are always accompanied by individual traits. I added that the two treaties would definitely differ as far as individual traits were concerned. It is groundless to apply this to general principles and to make it look as though I was criticizing the Romanian-Soviet treaty.

Balcerowicz Seeks Western Aid for Exports

AU0406123691 Warsaw GAZETA WYBORCZA
in Polish 31 May 91 p 3

["ABO" signed report: "Helping the USSR In Order To Help Poland"]

[Text] "The West must understand that the collapse of our trade with the USSR has not only economic, but also political implications. I think that the Group of Seven (the richest states in the world) should assist the USSR even before Moscow introduces reforms: There are links between what is going on in the USSR and in smaller countries such as Hungary and Poland," said Deputy Prime Minister Balcerowicz while speaking to journalists on 29 May.

In Leszek Balcerowicz's opinion, Western countries should assist the postcommunist countries in financing exports to the USSR. Asked about the effects of the loss of the Soviet market, he said that it was as if someone were to suddenly cut off South Korea from the U.S. market. "If the West does not help us, our chances will be significantly reduced, but we will not alter the direction of the changes that we are implementing," said the deputy prime minister. (In the first quarter of this year Poland sold the USSR about 30 percent of what it sold a year ago).

The Balcerowicz news conference took place during an interval in a meeting of "development" institutions, which are to support the program for accelerating change in the economy that was recently adopted by the government. The meeting was attended by the heads of: the Polish Development Bank; the Export Credit Insurance Corporation; the Industrial Restructuring Agency; the Bank for Socioeconomic Initiatives; the Labor Fund; and the Foundation for the Provision of Advisory Services to Polish Enterprises. Altogether, these institutions have about 4 trillion zlotys at their disposal.

The Export Credit Insurance Corporation will make the first decisions on granting guarantees for Polish exports to the USSR on 3 June. Marek Gadomski, who heads the institution, said that the applications that are being received are beginning to exceed the resources at the disposal of the corporation, whose budget for this year amounts to barely 500 billion zlotys. The "Ciech" company alone has requested credit guarantees worth \$350 million.

GAZETA found out that the Polish Development Bank (1 trillion zlotys), which was recently established, is experiencing difficulties in launching assistance for regions that the government has deemed "particularly threatened by unemployment."

The bank's President Wojciech Kostrzewa told us: "In April we offered money to four banks in Starachowice, but there has been no response to date."

There has also been no reply from Lodz, but the Polish Development Bank only recently made a proposal to the

banks there on 17 May. Bank President Kostrzewa said "the prevailing attitude still is: Those people in Warsaw should come see us and do something."

Party 'X' Leader Tyminski Interviewed

AU0406154691 Warsaw TRYBUNA in Polish
1-2 Jun 91 p 2

[Interview with Stanislaw Tyminski, the leader of Party "X," by Dariusz Wasilewski on 21 May; place not given: "We Are Honest"]

[Text] [Wasilewski] Do you consider the term "the Tyminski approach" ["Tyminszczyzna"] offensive?

[Tyminski] No, it is nothing but a term that emphasizes that something of the kind exists. I am not offended by that. I consider people who use the term as a form of invective petty minded and malevolent. There is no doubt that there is a struggle for positions of influence going on in the country: Many people are afraid that they will lose the confidence of the public, and they are trying to hold on to their positions by whatever means they can. I feel sorry for these people. However, that is the way things are in politics—if society becomes disenchanted with its politicians, then cries of "watch out," or "the Tyminski approach," or something similar will not help. It just brings more discredit.

[Wasilewski] How does Party "X" differ from other Polish political groupings?

[Tyminski] In my opinion, our party behaves like any democratic grouping in a Western country. We act in a concrete and democratic fashion. That seems strange in our country. Did any other party in the country have the courage to give all authority to the floor when it held a congress? I understand that other parties just bring along programs and names of candidates in their briefcases, which is what happened in 1944, when the Lublin government was formed on the instructions of the USSR. At that time, people gave up authority for a letter backed by an alliance with the Red Army. We approach the matter the opposite way, and it may seem odd to many people that we are an organization in which everyone enjoys their full rights. Instead of ruling bodies, we have a National Representation, which has the task of overseeing the implementation of resolutions that are adopted and passed on the basis of a majority of votes at party congresses. I cannot imagine any other way of doing things. If someone is still surprised, I would say that people are still not ready for democracy. The public has placed a lot of confidence in us, because we are honest and behave normally and, I would say, democratically. Party "X" heeds the voice of the majority, and the leadership does not reject any proposals or candidates. I do not know how the ruling bodies of traditional political organizations would survive if they had applied the same principle. I am not only thinking of parties, but also of trade unions, which have political ambitions. Maybe that is why we are considered a dangerous grouping.

Our organization's main goal is to solve the economic crisis. We are not interested in ideology in the traditional sense. If we remove all the different political hues from parties in the West, we would find that in practice the differences between left-wing and right-wing politicians come down to different views on the distribution of budget resources and taxation. Elections are determined by concrete benefits, such as raising taxes to fund social welfare. In making a choice, the average citizen is guided by what he stands to gain. If the left wants to levy so much tax that public opinion thinks that the economy will probably collapse, society will turn to the right. That is what the oscillation between left and right is about, but without the extremes that we have in our country.

[Wasilewski] How would you assess the current situation in Poland?

[Tyminski] At the moment—we are having this conversation on 21 May—I am convinced that an economic catastrophe has occurred in our country. Domestic industrial output fell by 10 percent in April, and that is like an earthquake. Number eight on the Richter scale. We are in a state of complete economic collapse. Any of the proposals that would have been normal just a year ago or six months ago are completely out of the question now. Other political organizations still do not realize that, or they have not noticed what has happened, or they know perfectly well what has happened, but cannot really explain it. Perhaps it was done deliberately? It is difficult to work out what reasons or intentions are behind it. The members of our party realize that we have reached rock bottom. The next move is up to the government, and under the present circumstances, I think that it should dissolve the Sejm and the Senate and ask society to appreciate the nature of the situation, and, above all, ask society to forgive it for what has happened. Carrying on with Balcerowicz' plans, that is, monetarist policies, is a crime against the nation. I have here the deputy prime minister's budget plans from January 1990. The budget for this year amounted to 193 trillion zlotys, of which 26 percent were reserves for financing the effects of wage adjustments. According to my calculations, as a result of erroneous assumptions and an incompetent fiscal policy, the budget has been reduced by 258 percent. As a result, 367 trillion zlotys have been lost. These are objective figures, and I can prove that. So, this is a great piece of dishonesty. What has happened to that sum? After all, it is the equivalent of our foreign debt. Mr. Balcerowicz's policies are strangling the country. The losses amount to more than the budget for the current year. Mr. Walesa has been supporting Balcerowicz until now, and he has only been doing so because Balcerowicz has the support of the Americans.

[Wasilewski] Do you have a program that would provide an alternative to the Balcerowicz plan?

[Tyminski] Of course. We have been working on what we call Plan "X," which we will announce at the right time. We might publish it sooner, if Mr. Walesa kindly asks us to do so. However, we are not in a position to do so

today, because other political groupings have emerged, such as the party formed by Mr. Bujak, who worked for the Stefan Batory Foundation, and we know who is behind the foundation—a certain Mr. Soros. Bujak was set up by the Citizens Movement-Democratic Action to usurp our political program by deceitful means. He is still sitting in the same building that houses the foundation, a floor above it, as the former chairman of the foundation board. When the political situation is this insidious and treacherous, why should we hand over our best programs to people like Bujak or the president; and besides, the president has not asked us to do so thus far.

[Wasilewski] Representatives of some political parties see you as the personification of all the evils produced by communism, and your voters are regarded as the sick product of a period that is now closed. It would appear that the aim is to belittle your successes. What is your attitude toward such views?

[Tyminski] We all know what happened during the presidential election campaign. Over a quarter of society expressed no confidence in the present government. The opposition is indignant that people who were hoodwinked to the tune of 367 trillion zlotys have shown that they mistrust both the previous and the present governments. It does not surprise me that the people who realize that now are raising such a ruckus.

[Wasilewski] The election campaign revealed the enormous degree of frustration that was just below the surface. Politicians accuse you of building up your support by exploiting the dormant aggressive and destructive feelings that are present in your voters.

[Tyminski] I would just like to return to the previous question. When I returned to Poland, I saw the terrible devastation that had been wreaked by communism, which left behind many victims as its legacy. Rampant capitalism has created new victims. Our country is being systematically destroyed and torn apart with slogans about privatization and the free market—a free market for whom?—is it to be free market for us or for people from abroad, that is the question that I want to have answered. I have come out in defense of the nation, because I know about the manipulative slogan-mongering of the West. I am defending our country from both the East and the West. I am trying to maintain Poland in a position to negotiate to safeguard our gains. If Mr. Najder or Mr. Kaczynski calls me a communist, because, as a politician, I believe that it is necessary to help the victims of both communism and capitalism, then let that be so. They can call me whatever they want. In our country it is not possible to pursue policies that do not take into account the needs of the victims of both communism and capitalism. What is required is a resolute public welfare program. Who will pay for it? It will not be paid for by the government or by the Americans, Germans, or Russians. It can only be paid for by people who have an opportunity to work and grow. We have to create conditions that will stop the decline in the budget, which, in my opinion, has declined in value by 258

percent in real terms. So far, people's energy, especially in state enterprises, where 85 percent of the population works, has been stifled. It is high time that the government abandoned totalitarian centralism and finally placed society's fate in society's own hands. In the present catastrophic situation, we can no longer rely on the Americans, who continually give their backing to Balcerowicz. Even if they were to give us \$38 billion, that would just allow us to keep going, and I do not want our country to rely on handouts to be kept going and no more. I want there to be mechanisms that will motivate people. I demand that state factories be finally treated like private factories. After all, there is no difference between a large firm in the West that has an unlimited number of shareholders and, let us say, the 38 million citizens of our country. Current taxation legislation has created a situation in which the private sector has much more leeway, because there are no limits on wage growth in the private sector. The things that were good in Poland are being systematically destroyed.

[Wasilewski] Do you think that a process whereby one system is transformed into another one can take place without any sacrifices on the part of society? Do you think that society understands and accepts the Party "X" program?

[Tyminski] The only good program for solving the crisis will be one that enjoys broad public support. So far we have not had an opportunity to present our program to society. I think that it was a great loss for the country that during the presidential election campaign there was no possibility of discussing an economic plan for solving the crisis. The best example of manipulation concerning these issues was the economic conference at the Belweder Palace, which was called by the president just so that Mr. Balcerowicz could smile and prove that there are a variety of opinions. Meanwhile, 367 trillion zlotys have evaporated, and that is something that I particularly blame the deputy prime minister for.

[Wasilewski] Deputy Bibrzycki represents Party "X" in the Sejm. He was meant to be joined by other legislators.

[Tyminski] They have not joined him yet. It has been proposed that I should meet a group of deputies at the Sejm. I do not know if the meeting will actually take place. It is something that Mr. Bibrzycki is responsible for. He was approached by several deputies. I did not ask about names, because that is not important at this stage. In the current situation, our party must be very careful about the conditions that it sets for approving every deputy who would like to represent us. At the last meeting of the National Representation, it was decided that to be approved, every deputy would have to obtain a majority of votes among members of the representation and would not be approved by the party leader.

[Wasilewski] You do not trust the mass media. In your opinion, how did they alter the picture of the real distribution of forces in the presidential election campaign, if they had any influence on that whatsoever?

[Tyminski] In our country it costs very little to buy power compared to other countries. I had limited funds for the campaign—I only had my own money. I think that 5 billion zlotys was the price for objectivity. In Peru, for example, journalists were hired; they were openly hired by political groupings. It was obvious to society. Everyone knew that a particular journalist had been hired. In our country it was not obvious. Many journalists were paid, but it was kept a secret from public opinion. It is not that I would have bought a journalist to say nice things about me, but if I had had the money I could have paid journalists to be objective for the good of the country. I was not in a position to do that. Public opinion can be manipulated for very little. There is a danger of political subversion if, for example, the Stefan Batory Foundation can, openly or secretly, spend \$5-10 million during an election campaign to support Mr. Bujak's group or Mr. Mazowiecki's group. Society will be cheated yet again.

This week I have a court case involving the television network, but it relates to something that happened in the past. It was the best example of a disgusting piece of fraudulence and deceit. It was carried out by television, but where did the money come from? After all, it was not something that people do for nothing. The studio in Toronto was paid, and the television network's correspondent in New York was paid. I know where the money came from. If it becomes necessary to reveal where the funding came from, I am ready to do so.

[Wasilewski] Two basic goals were adopted at the congress: gaining power and reorganizing the economy. To what extent is your party ready to achieve these goals, and which of them is more important?

[Tyminski] Both goals are important. Let me give you an example. After the congress, some acquaintances of mine brought me a copy of TYGODNIK SOLIDARNOSC containing the 21 Gdansk postulates. I noticed a great similarity between those resolutions and the ones that were adopted at our congress.

You asked me if we are ready? We are as ready as we can possibly be. As a young organization, we are continually working on the formation of a so-called shadow cabinet. These are posts that will allow future ministers to get some practice. We maintain contacts with valuable people who will be suitable for specific ministerial posts. We are putting the bulk of our efforts into preparing Plan "X." If we keep constantly attacking Balcerowicz, that will be perceived in the electorate's subconscious as our recognition of Balcerowicz's superiority. It will appear that we are empty handed and he is the only one with a plan. I want to stress that we do have a program, but we do not want to give it away for nothing, and we cannot allow it to be stolen by groupings that want to fight us.

[Wasilewski] Your opponents treat you with suspicion, because you surround yourself with people who have a particular kind of background. Does that not harm your reputation?

[Tyminski] Absolutely not. We do not have any people who have been as compromised as Messrs. Michnik, Kuron, Geremek, or Kozlowski. If there are people in our organization who belonged to the Polish United Workers Party in the past, that does not mean that they are lowlifes. They are people who possess a wealth of experience. In the end, where are we going to find our specialists? In our party we accept nothing but professionalism. We value people for their patriotism. If Mr. Kaczynski becomes indignant about those people who belonged to the party at one time, that just attests to his low political standards and shows that he is not familiar with the international convention on human rights. Curtailing the rights of someone who belonged to the party is a sentence; it is a form of imprisonment. I would not like the members of Party "X" or of Mr. Kaczynski's party to be persecuted at some point in the future just because they were members of those parties.

[Wasilewski] All kinds of possible alliances are being considered as preparations are made for the elections. Your party is being linked to the Union for Real Politics and the grouping led by Sila-Nowicki.

[Tyminski] We are not linked to anyone, and we are not holding any talks whatsoever. I do not see any need to. Mr. Miodowicz, for example, proposed that we should take part in a 1 May march together. I could not take part together with Miodowicz, because he made many mistakes during the presidential election campaign. His conduct was exceptionally dishonest. As the head of a

large trade union, he blew his chance to present his own program. I cannot talk to people who, in my opinion, have been compromised and are dishonest regarding the organization that they represent. If the National Trade Union Confederation changes its leadership, I will be ready to trust the new leadership.

[Wasilewski] What is your assessment of the Church's policies? Some people are warning against the danger of clericalization.

[Tyminski] I do not see a problem of that kind. We are not holding any talks with the Church, and the Church is not holding any talks with us. It is not trying to impose anything on our party. It is not interfering with us, and we are not interfering with it. I hope that that is how it will remain.

[Wasilewski] During the presidential election campaign, your critics accused you of making false accusations, making promises that could not be kept, and of encouraging false hopes and fostering unrealistic visions of the future. Will you conduct your legislative election campaign just as effectively, but remaining close to the limit regarding good manners and demagogy?

[Tyminski] That is a very unfair question. We will end the conversation there, because I am getting bored now. You have just behaved very unprofessionally. You answered your question yourself, so let us leave it at that.

Denmark's Ellemann-Jensen Meets With Leaders

PM0406092591 Copenhagen BERLINGSKE TIDENDE
in Danish 24 May 91 p 8

[Michael Kuttner report: "Uffe Ellemann-Jensen Regrets Need for Visas"]

[Text] Bucharest—Foreign Minister Uffe Ellemann-Jensen (Liberal) yesterday expressed his regrets to his Romanian counterpart, Adrian Nastase, that "Denmark cannot have visa regulations different from those of our neighbors."

In doing so Ellemann-Jensen, who is on a 36-hour official visit to Bucharest, was again forced to defend the West's policy, which is that Romanian, Bulgarian, and Albanian citizens must apply for a visa to visit the Nordic area or the EC.

In the course of the last year all the other countries of Eastern Europe have been exempted from this requirement, which critics say conflicts with the spirit of the CSE, which talks of free movement across borders.

The Danish foreign minister arrived in Bucharest Wednesday [22 May] evening on his way from Sofia, where Bulgarian politicians raised the same issue.

In talks with President Ion Iliescu, among others, Uffe Ellemann-Jensen was briefed on Romania's desire to move closer to Western European organizations such as the EC, NATO, and the Western European Union as soon as possible. "Denmark supports these efforts," Uffe Ellemann-Jensen said, "but they have to take one step at a time."

In a meeting with Danish journalists Adrian Nastase dismissed criticism of Romania's new cooperation treaty with the Soviet Union.

The treaty states, for example, that neither of the signatories can become a member of alliances directed against the other. Nastase indicated that this would not prevent a Romanian application to join NATO if the Western defense pact were open for such a step.

"It is after all a defensive organization," Adrian Nastase said.

This clause in the treaty was criticized in yesterday's BERLINGSKE TIDENDE by Bulgarian Foreign Minister Viktor Volkov. He said that it is "fairly clear" that neither Bulgaria nor the other Eastern European countries will accept a clause like that in the Romanian-Soviet treaty because it interferes with the independence of individual countries.

"I am disappointed that certain Central and Eastern European countries are attacking our agreement in a sort of competition to show who is the most Western-oriented," Adrian Nastase said.

Uffe Ellemann-Jensen returns to Copenhagen today bringing with him "strong impressions of the reforms in

Romania and a perception that people feel ignored in the Eastern European reform process."

Police Denies Joint Patrols With Hungary

AU0406145191 Bucharest ROMPRES in English
0829 GMT 4 Jun 91

[Text] Bucharest ROMPRES, 4/6/1991—The 26 May issue of the independent newspaper CRISANA brought out in Oradea prints the article "Attention Drivers" by which readers are informed that Romanian-Hungarian police patrols will be cruising the highway linking Berettyoufalva (east Hungary) and Oradea (Romania) and control road traffic, duly fining conationals, even if on foreign land, says a Romanian police communique.

The article grounds its assertions on a statement of the chief of the Hajdu-Bihar County Police Department (Hungary) who regarded unilaterally certain proposals made at the meetings he had with his Bihor County counterpart.

The communique shows that it was no official understanding or agreement in principle concluded by the Bihor County Police Department and the Hajdu-Bihar County Police Department or other such understandings signed by the two countries' ministries of the interior.

We stress that the application of such proposals imply actions of state organs outside Romania's borders that need the agreement or other such regulations observing international law, shows the communique, expressing also the regret for the Hungarian Police Department of the County of Hajdu-Bihar rash announcement of a simple proposal as a fait accompli.

Dijmarescu Wants 'October or November' Elections

AU0406145091 Bucharest ROMPRES in English
1426 GMT 4 Jun 91

[Text] Bucharest ROMPRES, 4/6/1991—The Romanian Government wants general legislative elections in October or November, said Mr. Eugen Dijmarescu, minister of economy and finances.

Speaking during a press conference of the results of the talks he recently conducted in Brussels during the first session of the Joint Romania-European Community Commission, the Romanian minister explained the official stance of the Romanian Government by the need of a national interest for the process of democratization of the Romanian society to gain greater credibility on an international plane and for a greater economic and political stability to be attained on an internal plane.

Mr. Dijmarescu said the question was not one of early elections but of general legislative elections to renew the legislative. He said those elections had nothing to do with the presidential ballot or with the local elections.

Government Condemns Anti-Semitic Press Articles*AU0406145491 Bucharest ROMPRES in English
1237 GMT 4 Jun 91*

[Text] Bucharest ROMPRES, 4/6/1991—In connection with the antisemitic articles some Romanian publications have run of late, the Romanian Government states it has nothing in common with them as they are an expression of their authors' opinions, committing only them and the editorial staff of the respective publications.

The Romanian Government firmly disapproves of such racial shows, condemns them in this way, too, and clearly dissociates from their authors, no matter who they might be. Romanian society does not need such shows, all the more so as it has to encounter numerous difficulties which require the commitment and collaboration of all the forces apt to help surmount them, the government's statement also says.

The publication of such racist articles is an abuse in exercising freedom of expression and information. Journalists' future deontologic code is expected to contain norms apt to prevent such abuses.

The Romanian Government reiterates its determination to strictly observe the pledges it assumed under international conventions and documents to which it is a party and which aim at fighting and punishing discriminations referring to race, colour, national origin or religion. The Romanian Government will continue to focus its policy on promoting and guaranteeing the observance of the foremost human rights and liberties, with no distinction as to race, ethnic origin, sex, language or religion.

Parties' Stands on Privatization Reviewed*AU3005134891 Bucharest ROMPRES in English
0819 GMT 30 May 91*

[Text] Bucharest ROMPRES, 30/5/1991—"Big privatization" is waited for by everybody in Romania. Nobody has declared against it, but there were and still are diverging views, stands and even programs.

The FSN [National Salvation Front], the majority party in the Parliament, considers that the preliminary bill of privatization, that provides for the transfer of 30 percent of the national property from the state to private ownership "confirms the socio-democratic orientation of the whole economic policy of the FSN."

Unlike the official FSN-government scenario, that provides for the privatization of only 30 percent of the nominal capital, the Alfa Union Confederation's alternative—the Cojocaru variant—presented this month at the national TU convention, proposes the free and equal distribution to all citizens of the country of Romania's whole nominal capital, which was of 10,000 billion lei in 1990, which means, at this year's raised prices, some one million for every citizen. The distribution of the nominal capital would be done, according to this variant, in form of bonds (the same as in the government's variant), that

should be "money like any money, be it good or bad," except they may not be used to buy consumer goods, but only to buy capital, to the end of turning Romania's citizens from employees into private owners of the national nominal capital. The bonds could therefore buy real capital (factories and means of production), financial capital and houses, without being allowed to be sold for lei, which bars the possibility of privileged and profiteers' taking possession of more. The state capital—real and financial—may not be sold for lei, only for bonds, and the Cojocaru variant considers this to be "the only way to revitalize the national economic mechanism and raise the people's living standard."

The Christian Democratic National Peasant Party considers that very little has been done so far in terms of privatization and it declares, among other things, for the continuation of this process starting with "the regaining of confidence in the country's leadership," the keeping of prices and salaries under control, the redemption of the assets confiscated by the communist regime and the procurement, by all means, of capital to invest in the economy, especially in the private sector.

In turn, the National Liberal Party-Young Wing, speaks up for the creation of the private sector through the setting up of new, privately owned economic units and through the gradual privatization of the existing state-run economic units by direct sale, auctions and sale of stock of the respective entities for bonds distributed free to all grown-up citizens of the country. The turning of the bonds into shares would be made by auction, the party opines.

The Socialist Party of Labour [PSM] declares for privatization in the spirit of the social market economy. In the process of privatization—in time, without haste—the production, national income and living standard must go up and must not lead to some getting rich on account of state property subject to privatization. The freedom of producers' association should become a state policy. Also, the PSM advocates the attraction of foreign capital, upon mutually advantageous bases, in the process of updating the national economy. The PSM opts for an indicative planning at a national level that should ensure the transition to the market economy. At a microeconomic level of commercial company, the rigorous planning and strategy will have to become the main chain of the economic activity.

The Party of Romanian National Unity, as stressed by Coriolan Bucur, the ideologist of that party, is for a privatization that should not weaken the state, should not lessen its defence capacity and economic might and not bear negatively on the state's national functions. "Big privatization," Bucur maintains, "should offer the country's citizens equal opportunities." He also agrees to the privatization only of 30 per cent of the national capital as "responsibility and caution" must be shown in privatization and "the state's strength must not be endangered."

Coalition Government Speculations Aired

AL0406170591 Bucharest ADEVARUL in Romanian
30 May 91 pp 1, 2

[Andrei Alexandru article: "Reshuffle Against Erosion, or Erosion Through Reshuffle?"]

[Text] Negotiations—at the level of vice presidents—between the National Salvation Front [FSN] and the Convention for the Introduction of Democracy on a possible participation of the latter in the government ended late Tuesday night. Agreements of principle could be reached in the discussions conducted thus far with the representatives of other parties, such as PUNR [Romanians' National Unity Party], PDAR [Democratic Agrarian Party of Romania], MER [Romanian Ecological Movement], and PNL-at [National Liberal Party-Young Wing]. However, the five parties making up the Convention—UDMR [Magyar Democratic Union of Romania], PNL [National Liberal Party], PNT-cd [National Peasant Christian Democratic Party], PER [Romanian Ecology Party], and PSD [Romanian Social Democratic Party]—have shown inflexibility and, as far as we were able to find out, are putting conditions which are unacceptable for the FSN. They demand the following: the position of prime minister should be taken by an independent figure and 50 percent of the ministerial posts should be given to the Convention parties.

Here are a few statements by some participants in the talks, on their leaving the meeting hall:

"We would agree to 40 percent, if this percentage would be given to the Convention parties exclusively." (Mircea Ionescu-Quintus, PNL)

"We concluded talks at the level of vice presidents. The next meeting, which is to be held at the level of presidents, will decide on divergent points. We do not agree with the 40 percent alternative. The date for the next meeting depends on the NSF." (Ioan Diaconescu, PNT-cd)

"We showed a lot of goodwill and suggested that 40 percent of the ministries should go to the entire opposition, not only to the parties making up the Convention. This percentage is close to the result of the May elections. Likewise, we believe that the prime minister should be the leader of the FSN, the party that won the elections. The lack of flexibility of our discussion partners will make them responsible for an eventual failure of our attempts to form a government of broad representation." (Ion Solcanu, FSN)

Since we are talking about a real governmental reshuffle, maybe one should examine the reasons behind the FSN insistence on following this path and the price that this party may have to eventually pay for it.

Looking at the domestic political scene, the Parliament, and the latest public opinion poll issued by IRSOP [Romanian Institute for Public Opinion Surveys], it is obvious that the FSN need not fear to continue with the

current government until next year's elections, even if the "hard-line" opposition were to leave the Senate and the Deputies' Assembly. It is true that, given the current hardships, there is a risk of the further erosion of this party's popularity; therefore, the FSN leaders have probably thought that the adversary's, that is the opposition's, credibility should also be scratched, as the reform is not done only for FSN supporters. Hence, this redistribution of popularity erosion seems to be the only domestic reason for the attempt to expand the political base of the ministerial team.

As for outside reasons, there are indications that Romania's Government would have more credibility in the eyes of certain Western governments should some Liberal or Peasant Party ministers be appointed. The policy of discrediting the current Bucharest authorities, consistently practiced outside our borders, has had its echo in quite a few foreign media. The parties from the Convention for the Introduction of Democracy are well aware of that, therefore they smile ("only we have credibility in the West") when the FSN representatives threaten that, if no compromise is reached, they will form a coalition government only with the parties that do not belong to the Convention.

Improving our country's credibility abroad is quite necessary, not only to reduce our relative isolation, but mainly to obtain certain loans.

Once we know the reasons for which the FSN wants a national unity government, let us see what are the possible alternatives.

Two possibilities are beginning to take shape: first, including the PNT-cd, UDMR, and PER, parties that are considered "hard-liners" (here one should mention that PER now has only three legislators out of the initial nine), as well as the PNL and PSD, which are considered more moderate; second, only the PNL and the PSD would receive ministerial positions (here one should mention that the PSD has only two seats in the Parliament). It is likely that a government in which the "hard-liners" were represented would have its leadership capacity substantially reduced, due to the irreconcilability of the various stands, and the disagreements that would continually crop up.

Another element conducive to the lack of cohesion of such a team would be the fact that, with the elections drawing closer, each party would want to publicly display its independent political line as well as its own achievements in the respective government.

It is to be assumed that a smoother government could be achieved with the participation of only those parties that are outside the Convention plus the PNL, since the prime minister's program has been estimated as being of

a liberal orientation. As a matter of fact, the participation offer extended to the PNL can only be of use to the latter, since the creation of the Liberal Parliamentary Group by Mr. Policrat might cause great trouble to Mr. Radu Campeanu, and it could even conceivably lead to a change in the balance of power among the liberals. It is obvious that a possible future entrance of Mr. Policrat's group in the government, combined with an increase in the membership of his parliamentary group and the maintenance of an adequate distance from the FSN's social-democratic policies, while the PNL stays out of the cabinet, may reduce the latter party's impact among the electorate.

What price would the FSN have to pay if a government of national unity is formed? "I voted with the FSN. I

gave it my vote so that it can resolve the problems: democracy, reform, living standards, and foreign credits, if necessary. I voted for it because I trusted it; now, I see that it cannot govern alone. The reasons invoked are corruption, isolation, or insufficient credits. I do not care for excuses. I gave it my vote, so it should do its duty"—this is how those making up the 65 percent of the electoral ballot may think about it all.

The conclusion is obvious. The price that the current ruling party will have to pay in case of an unsuitable reshuffle could be higher than the alleged popularity erosion caused by the implementation of reform. We are talking about the electorate's possible loss of trust in the FSN's ability to govern.

Serbian Deputy Asks for U.S. Ambassador's Recall

LD0506104891 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1026 GMT 5 Jun 91

[Text] Belgrade, 5 Jun (TANJUG)—The honor of the Serbian people enjoins on the Serbian People's Assembly to intervene with appropriate Yugoslav bodies to ask the U.S. Government to recall Warren Zimmerman as U.S. ambassador to Yugoslavia because he is a proven supporter of the formation of a greater Albania through annexation of Kosovo and Metohija, which are parts of the Serbian state. This demand was made by Deputy Batrie Jovanovic during today's republican People's Assembly debate in connection with republican President Slobodan Milosevic's recent report.

Batrie Jovanovic asked the Serbian Assembly and Yugoslav bodies, respectively, to lodge a complaint with the UN Security Council against the U.S. Government because, as he claimed, of its interference in Yugoslavia's internal affairs and its endeavors to bring down [rusenje] the Serbian state.

Kucan Denies Agreement with EC Leaders

LD0406164891 Belgrade TANJUG Domestic Service
in Serbo-Croatian 2203 GMT 3 Jun 91

[Text] Ljubljana, 4 June (TANJUG)—An official denial came today from the office of the president of the Presidency of the Republic of Slovenia, Milan Kucan, regarding that part of the TANJUG report on talks between EC representatives Jacques Delors and Jacques Santer and the president of the republic which stated that they had all agreed on four basic points: a single market with a central bank and currency, respect for human rights and rights of national minorities, and common defense and foreign policy.

The denial claims that President Kucan did not discuss these matters with the EC representatives in any detail at all, nor could his participation in the talks be interpreted as agreement with the views expressed by Santer or, rather, as transmitted by TANJUG. Kucan informed his guests of the reasons, objectives, and progress of the implementation of Slovene independence, pointing out the need for the EC to accept the Slovene decision and its implementation. This was a matter mentioned by Kucan in his special statement for Slovene media. His statement on the substance of the talks "is not in keeping with the TANJUG news report on Jacques Santer's assessments," says the statement issued by Kucan's office.

Drnovsek Supports Izetbegovic, Gligorov Positions

LD0406135191 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1255 GMT 4 Jun 91

[Text] Ljubljana, 4 June (TANJUG)—The SFRY Presidency member from Slovenia, Janez Drnovsek, has told TANJUG that he "supports the latest proposal of Bosnia-Herzegovina Presidency President Alija Izetbegovic and Macedonian President Kiro Gligorov on the future of the

Yugoslav community," which is very much in accordance with, as he said, his stands so far in connection with a new agreement among the Yugoslav republics.

Janez Drnovsek says the "proposed solutions from the platform on the future Yugoslav community are a good base for the meeting between republican presidents on 6 June. In this short period of time an adequate agreement among the republican representatives could take place."

Drnovsek told TANJUG that he would urge that an agreement be reached as soon as possible.

Jovic Comments on Presidency 'Crisis'

LD0406184791 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1433 GMT 4 Jun 91

[Text] Novi Sad, 4 June (TANJUG)—The SFRY Presidency is continually in session despite the difficulties in which it finds itself. A big drama should not be made out of the fact that at the moment there is no president or vice president. Rather, we should try to patiently overcome the present constitutional crisis.

Borisov Jovic, member of the Presidency of Yugoslavia and chairman of the Main Committee of the Socialist Party of Serbia [Socijalisticka Partija Srbije, SPS], said this today in Novi Sad in reply to journalists' questions after an expanded session of the Provincial Committee of the SPS in Vojvodina. Jovic attended the session together with SFRY Presidency member Jugoslav Kostic and the vice chairman of the Main Committee of the SPS and the Serbian National Assembly, Radovan Pankov.

"Since Stipe Mesic has not been elected," continued Jovic, "Croatia can appoint another member to the Federal Presidency. Voting would then be repeated." He personally did not vote for Mesic, and he would think it over before voting for Zarko Domljan, he added, replying to a question from the Novi Sad journalist for the Zagreb newspaper VECERNJI LIST.

"If Croatia gives up the abovementioned right, the SFRY Presidency will then have to change the standing orders of its work and determine a different rotation system, or find a new solution," Borisav Jovic said. He also stressed that Yugoslavia is in no danger of military intervention.

According to Jovic, the demonstrations scheduled for 9 June in Belgrade will be peaceful, and there is no ban on the gathering in Republic Square in Belgrade. The opposition, however, can only achieve its aims by constitutional means, warned Jovic. He went on to say that dialogue with the Albanians of Kosovo and Metohija had never been avoided, but that their parties do not recognize Serbia and therefore will not negotiate with it.

Summing up the abovementioned session of the Provincial Committee of the SPS in Vojvodina, its chairman,

Nedeljko Sipovac, stressed that the situation in the Northern Province is still relatively stable, although "the leaders of certain national parties, such as the Democratic Alliance of Croats in Vojvodina [Demokratski Savez Hrvata] and the Democratic Community of Vojvodina Hungarians [Demokratska Zajednica Vojvodjanskih Madjara], are trying to upset good intra-national relations."

The Provincial Committee supported the speech of Serbian President Slobodan Milosevic on resolving the Yugoslav crisis. It was assessed that two legal systems are in effect on this territory, the Federal and the republican, but that neither of them function. The economy has, therefore, been brought into a very difficult situation, and in this respect agriculture is especially threatened.

Serbian Assembly President Unkovic Resigns

LD0406174491 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1713 GMT 4 Jun 91

[Text] Belgrade, 4 June (TANJUG)—President of the People's Assembly of the Republic of Serbia Slobodan Unkovic today resigned at a session of the legislative group of the Socialist Party of Serbia [SPS] which was held in the Serbian Assembly.

Serbian Assembly President Slobodan Unkovic, according to the information service of the SPS main committee, resigned because he wants to devote more time to his professorship at university.

The SPS faction, having considered Slobodan Unkovic's resignation, decided to propose Aleksandar Bakocevic, people's deputy from Belgrade, as Serbian Assembly president at the Serbian Assembly session tomorrow.

At the same time, because of his new position Zoran Sokolovic was relieved of duty as SPS faction chairman, and Radoman Bozovic, people's deputy from Novi Sad, was elected to this post.

Belgrade University Faculties Begin Strike

LD0406183391 Belgrade TANJUG in English
1637 GMT 4 Jun 91

[Text] Belgrade, June 4 (TANJUG)—The strike committee of the University of Belgrade today announced that five faculties are on strike and that "the majority of 24 Belgrade University faculties have legally adopted decisions to go on strike."

At a press conference, the strike committee challenged the legitimacy of yesterday's decisions by the Assembly of the University of Belgrade not to recommend to the faculties to go on strike, and to accept the Serbian government proposal for negotiations on improving the material position of the universities.

It was pointed out that the decisions were adopted by the majority of those present, and not by the majority of all members of the Assembly of the University of Belgrade.

The strike committee said that the Serbian government proposal to improve the material position of the universities meets only 20-30 percent of the demands.

The Serbian government was criticized for not giving a written reply to the strikers' demands, but all the faculties of the universities of Belgrade, Nis and Kragujevac, today received written guarantees for the proposed improvement of the material position of the universities.

Macedonian Assembly Stands on Presidency Crisis

AU0306155691 Skopje NOVA MAKEDONIJA
in Macedonian 19 May 91 p 2

[Statement issued by the Macedonian Assembly on 18 May: "A Solution Only in the Federal Presidency"]

[Text] At yesterday's session, the Macedonian Assembly adopted the following stands concerning the political crisis that has arisen with the failure to elect a president and vice president of the SFRY Presidency, on the basis of a report by the member of the SFRY Presidency from the Socialist Republic of Macedonia:

1. The Assembly of the Socialist Republic of Macedonia continues to adhere to the stands established in the Declaration on the Sovereignty of the Socialist Republic of Macedonia and the platform for talks on the future structure of Yugoslavia, which also forms the basis of the Assembly's orientation that the constitutional crisis be resolved in a peaceful and democratic way and the election of the president and vice president of the SFRY Presidency be carried out in line with the provisions of the SFRY Constitution.

The Assembly of the Socialist Republic of Macedonia demands that the SFRY Presidency proclaim and implement the election of Stipe Mesic as president and Branko Kostic as vice president of the SFRY Presidency, as legal representatives of the republics that have been established according to the rota in the rules of procedure of the SFRY Presidency.

2. The Assembly insists that this constitutional crisis, which has arisen with the failure to elect the president and vice president of the SFRY Presidency, be resolved exclusively in the SFRY Presidency—and not by seeking various interpretations—and the solution be transferred and extended to other federal entities, thereby avoiding a blockage in the work of these bodies.

3. The Assembly again expresses full support for the measures recently adopted by the Federal Assembly as proposed by the Federal Executive Council [FEC] and advocates that the FEC immediately carry out its functions established in the Constitution and the law, in which respect it considers unacceptable the proposals and initiatives for a vote of confidence in the FEC. In this sense, the deputies in the Chamber of Republics and

Provinces and delegates in the Federal Chamber of the SFRY Presidency are required to give their support to the FEC.

4. Having adopted the position that the Yugoslav crisis should be resolved in a peaceful and democratic way, the Assembly calls on the assemblies in the other republics in Yugoslavia to take concrete steps and give their contribution to ensure that problems are resolved in this way, since this is the only way out of the existing crisis and an essential prerequisite for continuing the process of negotiation on the future of Yugoslavia.

Concerning the need for a peaceful solution to the crisis and the continuation of the negotiations, the stands and assessments of the international community and the entire international public are also important.

5. The government of the Socialist Republic of Macedonia is charged to compile in the shortest possible time an analytical study of the situation and consequences in which the republic could find itself in all the possible variations of resolving the Yugoslav crisis.

Bosnian Serb Leader Warns of Loss of Sovereignty

AL2605195691 Belgrade POLITIKA in Serbo-Croatian
16 May 91 p 10

[M. Duric report: "The Border Between Bosnia-Herzegovina and Croatia Is Slowly Melting"]

[Excerpts] Sarajevo, 15 May—Today's news conference by the Serbian Democratic Party for Bosnia-Herzegovina was attended by Dr. Radovan Karadzic, the president, as well as Dr. Nikola Koljevic and Dr. Biljana Plavsic, members of the Presidency of the Socialist Republic of Bosnia-Herzegovina.

According to Dr. Radovan Karadzic, the so-called sovereignty of Bosnia-Herzegovina is like Swiss cheese with a lot of holes in it. These holes are made by members of the Ministry of Internal Affairs [MUP] of Croatia. Their many intrusions have become almost normal, so that the media in Bosnia-Herzegovina do not even report on them any more.

Among other things, Dr. Karadzic recalled the arrest of members of the MUP of Croatia in Bosansko Grahovo. [passage omitted]

Once everything is taken into consideration, the question arises: Why do the Bosnia-Herzegovina media and the representatives of the authorities, and in particular Alija Izetbegovic, not protect the inviolability of Bosnia-Herzegovina? Or, perhaps: Can Bosnia-Herzegovina be touched from this side but not from the other sides? This was a question posed by Karadzic, who recalled the hullabaloo that was quite unjustifiably caused by the false information that the Secretariat of Internal Affairs of Serbia is interfering in Bosnia-Herzegovina.

With regret, Karadzic also informed the journalists that the MUP of Bosnia-Herzegovina is also initiating the creation of parallel political forces and a parallel MUP.

In Karadzic's assessment, a "St. Bartholomew's night" and a "massacre of princes" are yet to come, a claim which he backed up with the information that the MUP of Bosnia-Herzegovina had recently set up a dual-nationality group, which did not include Serbs, in order to search the houses of prominent Serbs in the Sarajevo area. This was prevented by the opposition of some other members of the MUP, but the idea, according to Karadzic, is so horrifying that the public must be warned.

The territory of Bosnia-Herzegovina is teeming with members of the MUP of Croatia, Dr. Karadzic confirmed in response to a journalist's question. Moreover, it is true that many young men from Livno and other towns have been trained in the MUP of Croatia or belong to this MUP in other ways, so that this MUP gives them tasks to perform on the territory of Bosnia-Herzegovina.

The news that the special forces of Bosnia-Herzegovina were being supplied with uniforms from Croatia was received with great unease, and this is yet another instance of Croatia reaching into Bosnia-Herzegovina. The appearance of special forces on Sarajevo streets is nothing to be proud of, Dr. Karadzic said.

It can simply be said that attempts are being made little by little to melt the border with Croatia and merge the sovereignty of Bosnia-Herzegovina into the sovereignty of Croatia, Dr. Radovan Karadzic said, and added: Mr. Izetbegovic has publicly shared the sovereignty of western Herzegovina with Mr. Tudjman. He has given half the sovereignty to Tudjman. We have all heard this.

There is no hope, no way out, and chaos, the president of the Serbian Democratic Party for Bosnia-Herzegovina confirmed in answer to a journalist's question, and explained that this was caused by forces which want to change the character of the state of Yugoslavia and the state of Bosnia-Herzegovina or even proclaim Bosnia-Herzegovina an integral part of Croatia.

This will not happen and cannot happen, Dr. Karadzic said.

He then confirmed that the leadership of the MUP of Bosnia-Herzegovina had received help from the MUP of Croatia, but it is not known what favor was done in return. The fact is, however, that the members of the Secretariat of Internal Affairs in Bosansko Grahovo were not cooperating with the MUP of Croatia. [passage omitted]

Prices Official Says Inflation 'Under Control'

LD2605125191 Belgrade TANJUG in English
1053 GMT 26 May 91

[Text] Belgrade, May 26 (TANJUG)—Inflation in Yugoslavia is under control, deputy director of the Yugoslav Institute for Prices Dusanka Stricevic said on Sunday.

The government's estimated annual inflation remains unchanged at around 70 percent, which is nearly half below last year's 122 percent, Stricevic said.

She underlined that the drop in production and living standards, huge stocks and rising unemployment are preventing inflation from getting too far out of hand.

The rate of inflation in May and June could be even lower than in the previous months if the republics begin implementing Federal regulations, Stricevic underlined.

The Federal Government estimates that inflation will not move out of the envisaged frameworks in the second half of the year, Stricevic said.

She substantiated the Federal Government's assessments with the fact that inflation in the first four months of this year, compared to December last year, amounted to 24.3 percent. That, Stricevic added, is a very low rate for Yugoslav conditions.

Bank Governor Claims Liquidity Not Threatened

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1505 GMT 26 May 91*

[Text] Belgrade, May 26 (TANJUG)—Governor of the National Bank of Yugoslavia Dusan Vlatkovic told TANJUG today that the country's external liquidity was not threatened.

Vlatkovic warned, however, that a further decrease in the foreign currency inflow and increase in the outflow could jeopardize the regular meeting of foreign debt obligations.

He said that the country's foreign currency reserves dropped from 6.9 to 5.3 billion dollars in the first quarter of the year, due to increased imports, foreign debt repayments and decreased foreign remittances.

Vlatkovic added that Yugoslavia's agreement with the International Monetary Fund (IMF) was postponed because of political and economic difficulties in the country, which has left the country without 1.5 billion dollars in expected aid from international financial institutions.

Since loans from other foreign creditors are tightly linked with the regulation of Yugoslavia-IMF relations, it is unlikely that the scope of financial aid planned for this year will be realized, the National Bank governor explained.

Vlatkovic said that the Federal Government and the National Bank of Yugoslavia still insisted on restoring the convertibility of the national currency, the dinar, but added that this "will be neither easy nor soon."